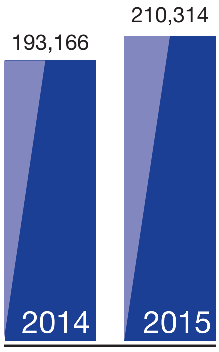
Caffyns

Caffyns plc Annual Report 2015

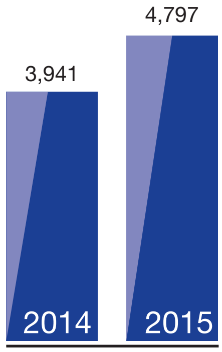
Results at a Glance

Revenue
(£'000)



Underlying PBT
(£'000)

Underlying EBITDA
(£'000)



Summary

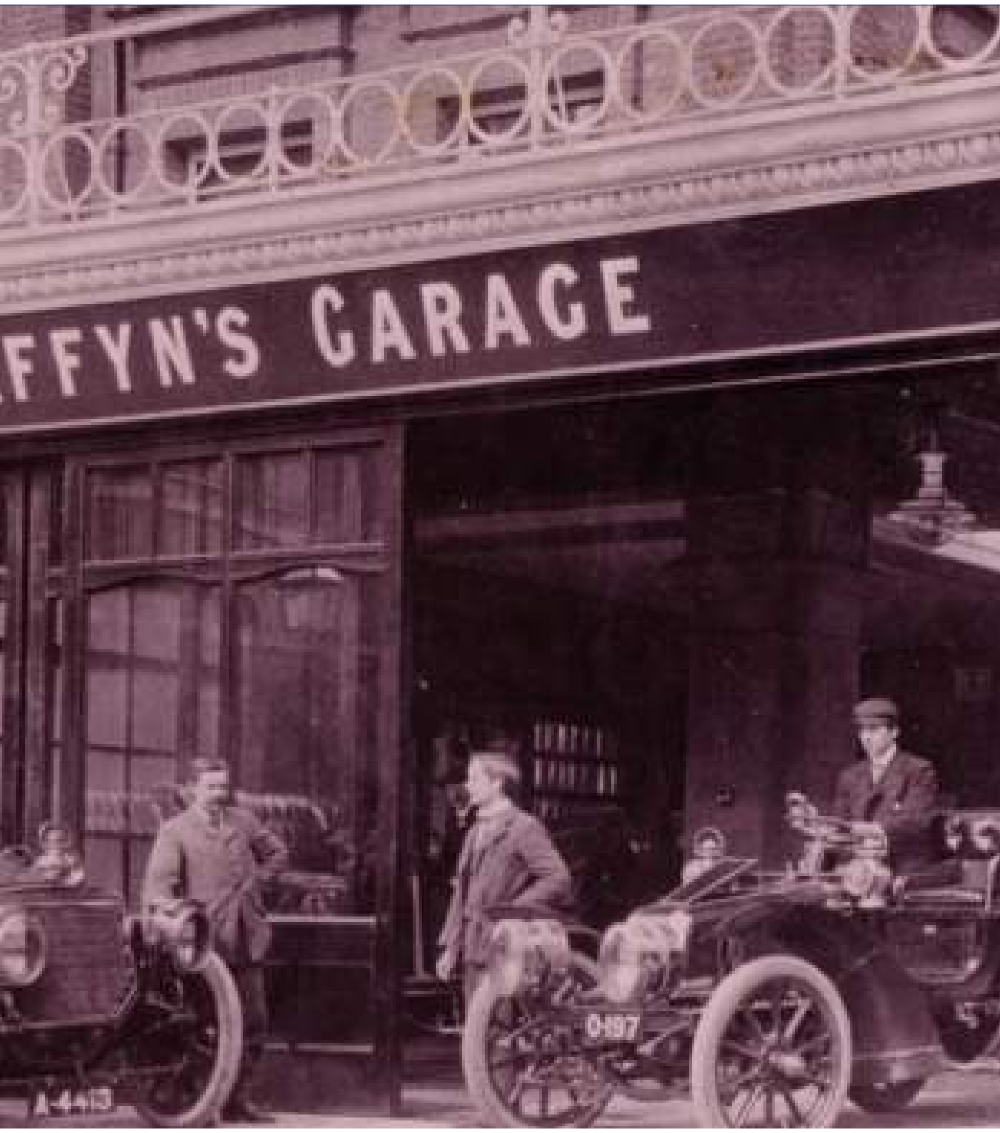
	2015 £'000	2014 £'000
Revenue	**210,314**	193,166
Underlying* profit before tax	**2,472**	2,166
Net non-underlying credit/(charge) before tax	**8,966**	(600)
Profit before tax	**11,438**	1,566
Underlying* EBITDA	**4,797**	3,941

	p	p
Underlying* earnings per share	**78.1**	75.5
Earnings per share	**335.5**	51.0
Proposed final dividend per share	**13.50**	12.0
Dividend per share for the year	**20.25**	18.0

* Underlying results exclude items that have non-trading attributes due to their size, nature or incidence.

Highlights

- Underlying profit before tax up 14% to £2,472,000 (2014: £2,166,000)
- Net non-underlying credit before tax of £8,966,000 (2014: charge of £600,000) principally due to change to defined benefit pension scheme
- Profit before tax up to £11,438,000 (2014: £1,566,000)
- Like for like new car unit sales up 6.6% against 4.9% in our market sector
- Like for like used car unit sales up 4.3% on top of a 17.5% increase last year
- Net cash generated by operating activities of £3.04m (2014: £5.37m)
- Underlying earnings per share of 78.1p (2014: 75.5p)
- Basic earnings per share increased to 335.5p (2014: 51.0p)
- Recommended dividend per ordinary share for year increased by 12.5% to 20.25p
- Shareholders' equity at 31 March 2015: £24.5m (2014: £17.9m)
- Property portfolio revalued at 31 March 2015: £8.49m surplus (not included in accounts)



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Operational & Business Review

> “We are pleased to report further profit improvement during the year under review, despite disruption from property improvements, and following on from the 78% increase achieved in the previous year”.

Summary of results

In this our 150th year, I am pleased to report further profit improvement during the year under review and an underlying profit before tax for the year of £2.47m up 14% from £2.17m last year following on from the 78% increase achieved in the previous year.

Profit before tax rose to £11.44m from £1.57m last year. The results for the year to 31 March 2015 include an £8.86m gain on the past service cost of the defined benefit pension liabilities. This is referred to below in the section on “Pension Schemes”.

Revenue for the year was up 8.9% to £210.3m (2014: £193.2m).

Underlying earnings per share for the year were 78.1p (2014: 75.5p). Basic earnings per share were 335.5p (2014: 51.0p).

New and used cars

Our new unit sales were up by 6.6% on a like for like basis in the twelve month period, while total UK new car registrations rose by 7.5%. Within this, the private and small business sector in which we operate rose by 4.9% so we again outperformed our specific sector. We experienced some pressure on new car margins, particularly in the first three months of 2015 but, despite this, new car gross profits were up on last year.

Used car unit sales were up 4.3% on a like for like basis building on the strong improvement of 17.5% last year. Used car margins and gross profits both improved.

Aftersales

Our strong new and used sales in recent years have helped to grow our potential aftersales market and we have placed great emphasis on our customer retention programmes. As a result we have seen our like for like service sales increase 8.9%. Overall aftersales were up 5.7%. Our parts sales grew at 2.7% like for like.

Operations and redevelopment

The improved profits were delivered despite disruption from further redevelopment work at a number of our sites. In Ashford the showroom and used car areas of our Vauxhall dealership were refurbished to the new corporate standards which affected trading through to June 2014. In addition in October 2014 we re-opened the old Skoda showroom in Ashford as a Used Car Centre and this is operating well as an outlet.

As previously announced we relocated our Volkswagen business in Worthing to a new 15 car showroom and 12 bay workshop at the beginning of April 2014. This business has now established itself in the new larger premises and is trading at a substantially increased level.

In August 2014 we completed the refurbishment and expansion of the showroom and used car display at our Eastbourne Audi dealership.

In September 2014 we completed the construction of our Seat dealership in Tunbridge Wells alongside the refurbished Skoda dealership. Both businesses traded ahead of expectations during the year under review.

Having acquired the adjoining land and secured improved access to the front of the site at our Eastbourne Volkswagen business in December 2013, we intend to build a new 12 car showroom with increased used car display and greater workshop capacity, establishing this dealership as a major presence in the area. We are planning to start work on the redevelopment this summer at an expected total cost of £2.7m.

The new car market continues to be driven by manufacturer offers which are positively impacting our retail sales. While Europe is showing signs of recovery, it is encouraging to see manufacturers continuing to support the UK market. Growth in new car sales in 2015 continues but at a slower rate in the private market. Recent investment has also placed particular emphasis on increasing our levels of used car sales and customer retention for aftersales business.

Groupwide projects

We continue to focus on improvements in the three key areas of used car sales, used car finance and aftersales. All of these have helped towards the increase in the profits. In addition, we have made very good progress through our use of technology to enhance the experiences of our customers from their first point of contact through the showroom buying process and to enhance methods for aftersales retention.

Property

We operate primarily from freehold properties and our property portfolio provides additional strategic flexibility to our business model. During the year, we incurred capital expenditure of £3.03m (2014: £7.46m). As previously reported, we completed significant upgrades in the first half of the financial year to our Audi dealership in Eastbourne (£0.9m spent in the year) and our Skoda/Seat dealership in Tunbridge Wells (£0.8m) as well as a full refurbishment of the Vauxhall showroom and the Used Car Centre in Ashford (£0.3m). The redevelopment and expansion of our superb Land Rover facility in Lewes was also completed at a cost of £0.4m.

During the year, we sold three freehold sites which were surplus to requirements. Following the grant of a planning approval for a mixed development of a vacant site in Lewes, contracts for sale were exchanged in September 2014 and the proceeds of £858,000 received in November. The contract for the sale of our vacant freehold site in Hailsham became unconditional and the proceeds of £1.6m were received in December 2014. Contracts for the sale of an investment property in Uckfield were exchanged in March 2015 and the proceeds of £950,000 received on 1 April 2015.

We have plans to relocate our Worthing Audi business to a larger site which will allow us to expand trading significantly. The current site is space restrictive and moving will allow us to grow our new and used car sales, which should lead to stronger aftersales and overall profits. We have an option to purchase a suitable site conditional upon a satisfactory planning approval.

The Company valued its portfolio of freehold premises as at 31 March 2015. The valuation was carried out by chartered surveyors CBRE Limited on the basis of existing use value. The excess of the valuation over net book value of freehold properties, excluding the Group's investment property in Uckfield and the two freehold properties being offered for sale at 31 March 2015, was £8.49m. In accordance with the Group's accounting policies (which reflect those generally utilised throughout the industry), this surplus has not been incorporated into the Company's accounts.

Bank facilities

We successfully concluded a renewal of our bank facilities with HSBC. The former three year revolving credit facility for £7.5m has been renewed for a

First garage, Eastbourne in 1904

Skoda, Tunbridge Wells 2015

Operational & Business Review

further four year term from September 2014. Our overdraft facilities with HSBC remain at £3.5m. In addition, we have an overdraft facility of £7.0m provided by Volkswagen Bank together with a 10 year Term Loan expiring in November 2023. Bank borrowings, net of cash balances, at 31 March 2015 were £10.13m (2014: £11.93m) and as a proportion of shareholders' funds at 31 March 2015 were 41% (2014: 67%).

Pension Scheme

We announced in April 2015 that agreement had been reached with the Trustees of the Company's Defined Benefit Pension Scheme ("the Scheme") that future increases in pensions payable from the Scheme would be based on the change in the Consumer Prices Index, as opposed to the Retail Prices Index, with effect from 1 April 2015. This change has resulted in a reduction in liabilities of the Scheme as at 31 March 2015 of £8.861m as calculated under IAS 19 "Employee Benefits". This amount has been credited in the Income Statement for the year ended 31 March 2015 as an exceptional non-underlying gain.

The Scheme was closed to future accrual in 2010. In common with many companies, the directors have little control over the key assumptions required by the accounting standards in the valuation calculations. The deficit as at 31 March 2015 reduced to £5.4m (31 March 2014: £11.4m) after taking into account the adjustment noted above, together with the adverse impact of other actuarial changes arising from market fluctuations and which have been charged in the Statement of Comprehensive Income. The deficit, net of deferred tax, at 31 March 2015 was £4.3m (2014: £9.1m).

The pension cost under IAS 19, as in the previous year, continues to be charged as a non-underlying cost and amounted to £502,000 (2014: £600,000).

The actuarial valuation as at 31 March 2014 has been concluded and the Recovery Plan agreed with the trustees. A cash payment of £300,000 will be made in the year to 31 March 2016 (2014-15: £358,000), increasing by 2.25% per annum thereafter.

The Board continues to review options, together with the independent pension fund trustees, to reduce the cost of operating the Scheme. Any additional actions that could further reduce the deficit over the medium and longer term will be considered.

People

During the year we have had some further disruption through necessary redevelopment work. I am delighted that we have been able to take this in our stride and continue to deliver improved results. We now have an excellent property portfolio but more importantly we have a very high level of professionalism and ability amongst our people. As always I am proud of and grateful for the loyalty, hard work and positive approach shown by all employees throughout the Company which of course is responsible for this success.

Apprenticeships

At the start of the recession we decided to increase the numbers on our apprenticeship programme and we continue to see the benefits flow through the business as more and more complete their training and become fully qualified. The recruitment programme will continue and we will be taking on another full complement this year to aid our growth.

Dividend

The Board has decided to recommend a final dividend of 13.5p per Ordinary Share (2014: 12.0p). If approved at the Annual General Meeting, this will be paid on 30 July 2015 to shareholders at close of business on 26 June 2015.

Together with the interim dividend of 6.75p per Ordinary Share (2014: 6.0p) paid during the year, the total dividend for the year will be 20.25p per Ordinary Share (2014: 18.0p).

Strategy

Our strategy to focus on representing premium and premium-volume franchises is proving successful.

We continue to invest the proceeds from the sale of properties and closed operations by acquiring additional land to grow our existing businesses. Relocation of our Worthing Audi business to a larger site will allow it to expand its trading performance. We are concentrating on larger business opportunities in stronger markets to deliver higher returns on capital from fewer but bigger sites. We are also more effective in being able to deliver performance improvement, although we remain dependent on the key months of September and March.

Our focus on improving operational processes has seen an encouraging increase in used car sales and in aftersales. Our success in increasing our new and used sales coupled with our improved aftersales retention programmes will enable us to further enhance profitability.

Outlook

Having recently opened an all new Volkswagen facility in Worthing and completed the updating of other key dealerships, we are well placed for expansion. At Land Rover Lewes we have increased the site capacity for the growing potential of the business and relocated the aftersales facility to the same site as our showroom. This has delivered enhanced efficiencies which, together with strong new and used car sales, have resulted in improved profits. All our franchises are on two year rolling contracts, apart from Land Rover which operates a five year fixed term contract. This comes up for renewal in May 2016 and we are currently in discussion with Jaguar Land Rover concerning our territory.

The economic growth in the UK remains encouraging and Manufacturers continue to support our market with strong finance led offers, particularly on new personal contract plans as well as, increasingly, on used car plans. Though growth in the private and small business sector has slowed in 2015, and new car margins are slightly reduced, consumer confidence appears to be remaining steady. As the availability of two to three year old used cars has improved, we plan to further increase our used car sales from our larger display areas. The increase we have already seen in the size of our overall customer base has positively affected the aftersales business and we expect this to grow further.

Our improved profitability combined with our excellent franchise representation in larger and more efficient premises leaves us well placed to take advantage of these improved economic conditions.

S G M Caffyn
Chief Executive
3 June 2015

Strategic Report

Business model

Caffyns is one of the leading motor retail and aftersales companies in the south-east of England. The Group's principal activities are the sale and maintenance of motor vehicles including the sale of tyres, oil, parts and accessories. The Operational and Business Review, which forms part of the Strategic Report, principally covers the development and performance of the business and the external environment and is set out on pages 2 to 5. The main Key Performance Indicators of the Group are:

Financial	2014-15	2013-14
Revenue	**£210.3m**	£193.2m
Underlying profit before tax*	**£2.472m**	£2.166m
Profit before tax	**£11.438m**	£1.566m
Underlying earnings per share	**78.1p**	75.5p
Earnings per share	**335.5p**	51.0p
Bank overdrafts and loans (net)	**£10.129m**	£11.929m
Gearing	**41%**	67%

* Underlying results exclude items that have non-trading attributes due to their size, nature or incidence.

Non-Financial		
UK new car market – total registrations	**2.52m**	2.35m
Group employees (full time equivalents)	**407**	400

Business performance

New and used cars

Our new unit sales were up by 6.6% on a like for like basis. Over the twelve month period, total UK new car registrations rose by 7.5%. Within this, the private and small business sector in which we operate rose by 4.9% so we again outperformed both the specific sectors in which Caffyns operates. Our premium and premium-volume franchises continue to perform well.

Used car unit sales were up 4.3% on a like for like basis on top of a 17.5% increase in the previous year. Used car margins improved and gross profits were also ahead of the previous year.

Aftersales

We have seen an increase in the overall size of the 0 to 5 year old car servicing market resulting in a 5.7% increase in like for like aftersales revenues. The action we have taken to enhance our aftersales marketing and retention procedures, together with our improving new and used car sales, will help to further accelerate this trend.

Business strategy

The Group has focused on the premium and premium-volume market where it believes that there is greater resilience to delivering stronger sales, profits and returns. It now represents a strong portfolio of eight franchises of Audi, Jaguar (authorised repairer), Land Rover, Seat, Skoda, Vauxhall, Volkswagen and Volvo. The Group generally operates from its own freehold properties, which it believes offers better long-term returns and greater flexibility. Proceeds from disposals of properties are generally reinvested in its existing property portfolio.

Principal risks and uncertainties

Risk is an accepted part of doing business and the Group has a risk assessment process that facilitates the identification and mitigation of risk. While the risk factors listed below could cause our actual future results to differ materially from expected results, other factors could also adversely affect the Group and they should therefore not be considered to be a complete set of all potential risks and uncertainties. The risk factors should be considered in connection with the statement on internal control and risk management included in the Chairman's Statement on Corporate Governance on pages 12 to 16. Other financial risk management factors are referred to in notes 15 and 17 to the financial statements.

Principal risks	Potential impact/material risk	Key controls and mitigating factors
Business conditions and the UK economy	The profitability of the Group could be adversely affected by a worsening of general economic conditions in the United Kingdom, where all of its business is transacted, including factors such as interest rates, unemployment, fuel prices, inflation, indirect taxation, the availability and cost of credit and other factors which affect levels of consumer confidence.	Monitoring of key macro-economic indicators against internal performance leads to anticipation of, and mitigation for, expected volatilities.
Vehicle manufacturer marketing programmes	Vehicle manufacturers provide a wide variety of marketing programmes which are used to promote new vehicle sales. A withdrawal or reduction in these programmes would have an adverse impact on our business.	By representing multiple marques, the Group believes that this diversity reduces the potential impact on the Group. In addition, the Group continues to develop its own marketing initiatives.
Used car prices	Used car prices can decline significantly. A large proportion of the Group's business comprises used car sales and these declines can have a material impact through reduced profits on sales and write-downs in the value of inventories.	Close monitoring of the ageing of vehicle stocks and a firm policy of stock management help to mitigate this risk. The impact is also mitigated by revenue streams balanced between aftersales, new and used car sales.
Vehicle manufacturer dependencies	Caffyns operates franchised motor car dealerships. These franchises are awarded to the Group by the motor car manufacturers. For ongoing business, the Company holds franchise agreements for its dealership operations. These agreements can be terminated by giving two years notice, or less in the event of a serious unremedied breach including continued under-performance. The Company is not aware of any breach of these agreements. The Group has one five year fixed agreement expiring in May 2016.	By representing multiple marques, the Group believes that this diversity reduces the potential impact on the Group. Revenue streams from other activities (aftersales and used vehicles) prevent over-reliance on new vehicle sales.
Liquidity and financing	Liquidity and financing risks relate to our ability to pay for goods and services enabling us to trade. Our principal sources of finance are from our bankers by way of committed borrowing facilities, from manufacturers to fund the purchases of stock and trade credit from our suppliers. A withdrawal of facilities, or failure to renew them when due, could lead to a significant reduction in the trading ability of the Group.	The Group works closely with providers of finance to help reduce this risk by managing expectations of trading results and utilisation of facilities. The status of the Group's bank facilities is set out in note 17. The Group's balance sheet has also strengthened significantly over the past five years and this, together with negotiated facilities, provides sufficient liquidity and funding. The Group does not presently hedge against interest rates but the position is kept under review.

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Principal risks	Potential impact/material risk	Key controls and mitigating factors
Regulatory compliance	The Group is subject to regulatory compliance risk which could arise from a failure to comply fully with the laws, regulations or codes applicable. Non-compliance could lead to fines, cessation of certain business activities or public reprimand.	Understanding of the direction of new regulatory policy is gained through close contact with relevant trade and representative bodies and these are carefully considered when developing strategy.
Information systems	The Group is dependent upon certain business critical systems which, if interrupted for any length of time, could have a material effect on the efficient running of the Group's businesses.	The Board has implemented a series of contingency plans which would enable the Group to resume operations within a short space of time, thus mitigating the likelihood of material loss.
Competition	Caffyns competes with other franchised vehicle dealerships, private buyers and sellers, internet-based dealers, independent service and repair shops and manufacturers who have entered the retail market. The sale of new and used vehicles, the performance of warranty repairs, routine maintenance business and the supply of spare parts operate in highly competitive markets. The principle competitive factors are price, customer service and knowledge of a manufacturer's brands and models. We also compete with funders who finance customers' vehicle purchases directly.	To mitigate this risk, we regularly monitor our competitors' activities and seek to price our products competitively, optimise customer service, efficiently utilise our customer database and fully understand our manufacturers' brands and products.
Changes in EU legislation in relation to the distribution and sale of vehicles	The franchise agreement legislation for the automotive sector changed in June 2013. Aftersales agreements continue to be legislated by a Block Exemption, dictating that aftersales businesses which meet manufacturers' qualitative standards criteria have an entitlement to represent the brands' aftersales service and parts franchise. Sales agreements are granted by car manufacturers based on standards, but agreements are restricted to territories granted by manufacturers, who also determine choice of partner, enabling them to restrict the number of outlets any dealer can hold or entry into the franchise.	By continuing to focus on providing excellent customer facilities, excellent customer service and by providing high level representation for the Group's manufacturer partners, current business relationships will be maintained, providing opportunities for selective growth.
Pension scheme	The Group operates a defined benefit pension plan which was closed to new entrants in 2006 and closed to future accrual with effect from 1 April 2010. The plan relies upon achieving satisfactory investment returns sufficient to meet the present value of the accrued liabilities. Reduced investment returns or higher liabilities due to increased mortality rates and/or continuing record low interest rates could adversely affect the surplus or deficit of the scheme and may result in increased cash contributions in future.	The Company regularly reviews the position of the defined benefit pension plan through regular meetings of a Pensions Sub-Committee, chaired by the chairman of the Audit Committee. Through this sub-committee, the Company has an ongoing review of possible options to mitigate the risk of underlying volatility causing an increase in the deficit.

Corporate Social Responsibility, Human Rights and Diversity

The Group has a long-standing Corporate and Social Responsibility agenda including its approach to employees (page 9), the environment (page 9), Health and Safety (page 10). We are also conscious of human rights issues within the Company and the key area that would impact our business would be across our supply chain. Our supply chain is predominantly the major international motor manufacturers, who take these issues very seriously as well.

The UK Corporate Governance Code includes a recommendation that boards should consider the benefits of diversity, including gender, when making board appointments. The Board recognises the importance of gender balance and the important requirement to ensure that there is an appropriate range of experience and balance of skills and background on the Board. We will continue to make changes to the composition of the Board irrespective of gender or any form of discrimination so that the best candidate is appointed.

The table below gives the numbers of Group employees in each category, by gender, as of 31 March 2015.

	Female	Male	Total
Director	1	5	6
Senior management	2	13	15
All employees	99	348	447

Employees

We recognise that our people are our key asset that allows us to deliver our strategy. We continue to invest in an enhanced training and development programme, with particular support from our manufacturer partners.

During the year we have had less disruption through redevelopment work and we have been able to take advantage of a more stable environment to deliver improved results. The positive approach shown by all employees throughout the Company has been key to this success.

Employees are encouraged to discuss with management any matters which they are concerned about and factors affecting the Group. In addition, the Board takes account of employees' interests when making decisions. The Group has an HR Director. Suggestions from employees aimed at improving the Group's performance are welcomed.

Good performance from employees is recognised every four months by their peer group, who nominate employees for awards and formal recognition Group wide.

A significant number of employees are remunerated partly by profit related bonus schemes.

The Group has a dedicated "Intranet" which keeps employees up to date with Group developments and activities. Long service awards were made during the year to those staff with 25 years' continuous service. This platform also includes the Group's policies and procedures.

All employment policies have been updated to conform with current legislation.

It is the Group's policy to encourage career development for all employees and to help staff achieve job satisfaction and increase personal motivation.

The Group supports the recruitment of disabled people wherever possible. Priority is given to those who become disabled during their employment. Employment within the group is offered on the basis of the person's ability to work and not on the basis of race, individual characteristics or political opinion.

At the start of the recession we decided to increase the numbers on our apprenticeship programme and we are now seeing the benefits as we see encouraging signs of growth in the economy. We look to further recruit both apprentices and others across the Company as we continue to grow.

Environment

The Group is aware of its environmental responsibilities arising from its motor retailing and aftersales activities and recognises that some of its activities affect the environment. The Group's Health and Safety Officer has received formal training in environmental management and is appropriately qualified in this field. The Group's policy is to promote and operate processes and procedures which, so far as is reasonably practicable, avoid or minimise the contamination of water, air or the ground. Licences are obtained from the relevant authorities, where required, to operate certain elements of the Group's business. Waste is disposed of by authorised contractors and is recycled where possible. Special care is taken in the storage of fuel and oils. Through the management of these activities, the Group seeks to minimise any adverse effects of its activities on the environment.

The Group aims to encourage the reduction of energy and water consumption and audit processes are in place to measure usage and make recommendations for improvements. An electrical test monitoring regime is in force throughout the Group. Use of the latest building materials is made in the construction of new sites and the refurbishment of existing locations. For instance, water recycling units were installed during the last major refurbishment undertaken by the Group.

Mandatory Carbon Reporting

This section includes our mandatory reporting of greenhouse gas emissions for the period 1 January 2014 to 31 December 2014, the latest annual period for which data is available. We report our emissions data using an

Strategic Report

operational control approach taking data for which we deem ourselves responsible, including both energy consumption and vehicle usage for business use. In 2014 our businesses emitted 1,556.45 tonnes of carbon dioxide or CO_2 (2013: 1,774.98 tonnes). Our emissions are principally of carbon dioxide (CO_2), and are from the following sources:

Greenhouse gas emissions data	Tonnes of CO_2 2014	Tonnes of CO_2 2013 (base year)
Scope 1		
Gas consumption	286.60	512.33
Owned transport	136.98	149.19
Water supply	6.54	5.01
Scope 2		
Purchased electricity	1,126.33	1,108.45
Statutory total (Scope 1 and 2)*	**1,556.45**	**1,774.98**
Revenue	£208.16m	£186.26m

* Statutory carbon reporting disclosures required by Companies Act 2006.

We have selected emissions £million of revenues per tonne as our intensity ratio, as this in our view provides the best comparative measure over time.

2013 - Intensity ratio (tonnes of CO_2 per £million of revenue): 9.53 tonnes per £million of revenue.

2014 - Intensity ratio (tonnes of CO_2 per £million of revenue: 7.48 tonnes per £m of revenue.

Our greenhouse gas emissions associated with waste arise from a number of waste streams generated from our business. As conversion to CO_2e data is not readily available for a number of our waste streams, we have chosen to report this in weight and percentage of waste recycled/landfill opposed to CO_2. Waste in 2014 was 496.1 tonnes (2013: 546.7 tonnes) of which 77% was recycled (2013:80%).

Reducing carbon and waste

During the year we have continued to assess and monitor our energy use with improved data information and, where practicable, to implement measures designed to reduce our activities' environmental impact.

Climate change has an effect on seasonal energy usage and, while we have benefitted in 2014 from milder weather, we are aware that any adverse change could affect energy usage. To this end we continue, where practicable, to install LED lights in our sites; these use significantly less energy than conventional lighting. In addition, we limit the duration of periods when full lighting is used, using sensors and timers to further reduce the energy we use. Our new Volkswagen dealership in Worthing has been fitted with PV panels to generate electricity on site and its benefits will be reflected in 2015 as data is collected. In addition we continue to improve our energy use and efficiency by replacing old equipment with new efficient units and ensuring workshop doors are closed when not in use by fitting automatic closing devices.

We seek to limit our paper consumption and waste through increasingly paperless communications and systems. Water use in valeting areas uses recycling facilities, where practicable, and all sites have appropriate water filtration systems.

Health and safety

The Group recognises its responsibility to members of staff and others working at or visiting its facilities to provide, so far as is reasonably practicable, an environment which is safe and without risk to their health. The Board maintains ultimate responsibility for health and safety issues with a qualified Health and Safety Officer responsible on a day-to-day basis, supported by all levels of management. The Group's policy is to identify potential hazards and assess the risks presented by its activities and to provide systems and procedures which allow staff to take responsible decisions in their work in relation to their own and others' safety. The Company promotes awareness of potential risks and hazards and implementation of corresponding preventative or remedial actions through its online health and safety systems, operations manuals and monthly communication on topical issues. With clear lines of operating unit responsibility, staff are supported by specialist guidance from the Company's Health and Safety Officer. All of the Company's staff have access to a detailed health and safety guide.

By order of the Board

S G M Caffyn
Chief Executive
3 June 2015

Board of Directors

Honorary President

ALAN M CAFFYN DL C ENG MI MECHE FIMI

Directors

RICHARD C WRIGHT PG DIP FIMI FCIM
Chairman

SIMON G M CAFFYN MA FIMI
Chief Executive

MARK S HARRISON FCA FIMI
Finance

SARAH J CAFFYN BSC FCIPD AICSA FIMI
Human Resources

NICHOLAS W HOLLINGWORTH BSC
Non-executive and Senior Independent Director

NIGEL T GOURLAY BSC FCA
Non-executive

Bankers

HSBC BANK PLC
Global House, High Street, Crawley RH10 1DL

VOLKSWAGEN BANK
Brunswick Court, Yeomans Drive, Blakelands, Milton Keynes MK14 5LR

Independent Auditor

GRANT THORNTON UK LLP
Statutory Auditor, Chartered Accountants
Fleming Way, Manor Royal, Crawley RH10 9GT

Company Secretary

SARAH J CAFFYN BSC FCIPD AICSA FIMI

Registered Office

4 Meads Road, Eastbourne, East Sussex BN20 7DR
Telephone (01323) 730201

Chairman's Statement on Corporate Governance

Caffyns plc is committed to maintaining the highest standards of corporate governance. This Report and the Directors' Remuneration Report describe how it complies with the provisions of the UK Corporate Governance Code 2012 ("the Code").

The Company has complied throughout the year ended 31 March 2015 with the provisions set out in the Code except that one director has a service contract which runs for more than 12 months which does not comply with Code provision D.1.5 (see Directors' Remuneration Report) which recommends that such periods should be for one year or less. The Remuneration Committee reviews the position annually and has decided that it is not in the best interests of the Company to change the existing contract.

A description of the Group's business model and strategy is set out in the Strategic Report on page 6.

Structure of the Board and its key activities

The Board is collectively responsible for the long-term success of the Company and for ensuring the Company operates to a governance standard which serves the best interests of the Company. The Board sets the strategy of the Company and its individual trading businesses and ensures that the Company has in place the financial and human resources it needs to meet its objectives. There is a written schedule of matters reserved for Board decision, summarised below:

Schedule of matters reserved for decision by the Board

- Business strategy
- Approval of significant capital projects and investments
- Principal terms of agreements for the Group's principal banking facilities
- Annual business plan and budget monitoring
- Risk management strategy and internal control and governance arrangements
- Approval of acquisitions and divestments
- Changes to the Group's management and control structure
- Significant changes to accounting policies or practices
- Financial reporting to shareholders
- Dividend policy
- Health and safety policy
- Changes in employee share incentives
- Reviewing the Group's overall corporate governance arrangements
- Appointments to the Board and its committees
- Policies relating to Directors' remuneration and service
- Prosecution, defence or settlement of material litigation
- Any alterations to the share capital of the Company
- Approval of all circulars and announcements to shareholders
- Major changes to the Company's pension schemes
- Insurance cover including Directors' and Officers' liability insurance and indemnification of directors

The Chairman takes responsibility for ensuring that the Directors receive accurate, timely and clear information. Monthly financial information is provided to the Directors. Regular and ad hoc reports and presentations are circulated, with all Board and Committee papers being issued in advance of meetings by the Company Secretary. In addition to formal Board meetings, the Chairman maintains regular contact with the Chief Executive and other Directors to discuss specific issues. In furtherance of their duties, the directors have full access to the Company Secretary and may take independent professional advice at the Company's expense. The Board believes that, given the experience and skills of its Directors, the identification of training needs is best left to the individual's discretion. If any particular development need is identified through the Board's formal appraisal process or by an individual Director, the Company makes the necessary resources available.

As part of their role, the non-executive directors constructively challenge and help develop proposals on strategy. The non-executive directors scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. They determine appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing executive directors, and in succession planning.

Operating within prescribed delegated authority, such as capital expenditure limits, the operational running of the Company and its businesses is carried out by the executive directors, led by the Chief Executive.

The Board delegates certain of its duties to its Audit, Nomination and Remuneration Committees, each of which operates within prescribed terms of reference. These are set out on the Company's website. The responsibilities of the Board's committees are set out on pages 13 to 15 of this Report and in the Directors' Remuneration Report.

The Board has evaluated the performance of its committees for the year under review. The Chairman and the respective committee chairmen take responsibility for carrying out any actions recommended as a result of that evaluation.

Performance evaluation

The Board has established a procedure to evaluate its own performance, its committees and individual directors. The directors completed detailed questionnaires and debated the matters arising at Board meetings.

Individual director evaluation showed that each director (including those seeking re-election at the Annual General Meeting in 2015) continues to demonstrate commitment to the role. The non-executive directors, led by the senior independent director, carried out a performance evaluation of the Chairman after taking account of the views of the executive directors. The Chairman has reviewed the performance of the non-executive directors and the Chief Executive. The Chief Executive has reviewed the other executive directors. The Board intends to carry out further performance evaluations but will keep under review the method and frequency.

The latest Board evaluation process concluded that the Board and its committees were operating effectively, with clear demarcation of the respective responsibilities of individual directors and Board committees. The Board is satisfied that all directors are each able to devote the amount of time required to attend to the Company's affairs and his duties as a Board member. The Chairman regularly reviews the training and development needs of each director.

Board composition and independence

As at 3 June 2015 the Board comprises three executive directors and three non-executive directors, one of whom is the Chairman. Mr R C Wright is the non-executive Chairman and Mr S G M Caffyn is the Chief Executive. The Chairman leads the Board and the Chief Executive manages the Group and implements the strategy and policies adopted by the Board. There is a clear division of responsibility between the role of the non-executive Chairman and Chief Executive and this is recorded in a written statement and is reviewed and agreed annually by the Board. The Chairman is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role.

The Company maintains appropriate Directors' and Officers' insurance in respect of legal action against its directors.

Directors' conflicts of interest

Conflicts of interest can include situations where a director has an interest that directly or indirectly conflicts, or may possibly conflict, with the interests of the Company. The Board operates a formal system for directors to declare at all Board meetings all conflicts of interest. The non-conflicted directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company.

Balance and independence

The non-executive directors complement the skills and experience of the executive directors, providing the requisite degree of independent judgement and scrutiny to the decision-making process at Board and committee level. The non-executive directors, including the Chairman, are determined by the Board to be independent. Mr N W Hollingworth is the senior independent director.

The Board maintains and regularly reviews a register of all interests, offices and appointments which are material to be considered in the assessment of the independence of directors and has concluded that there are not, in relation to any director, any relationships or circumstances regarded by the Company as affecting their exercising independent judgement.

Re-election of directors

In accordance with the Company's Articles of Association, all directors seek re-election by rotation at least once in every three years.

Meetings and attendance

There were eight meetings of the Board in the year under review and all meetings were attended by all directors eligible to attend other than five meetings at which Miss S J Caffyn was unable to attend and one where Mr N W Hollingworth was unable to attend. Notwithstanding these absences, the Board is satisfied that it was able to discharge its responsibilities.

Nomination Committee

Our Nomination Committee comprises two non-executive directors, the non-executive Chairman and the Chief Executive. The members are:

R C Wright (Chairman)

N W Hollingworth

N T Gourlay

S G M Caffyn

The Nomination Committee is responsible for leading the process for appointments to the Board and meets at least once a year.

The Committee is chaired by Mr R Wright. The Company Secretary or alternate also attends meetings in her capacity as secretary of the Committee. Where the matters discussed relate to the Chairman, such as in the case of selection and appointment of the Company Chairman, the senior independent director chairs the Committee. New directors receive a full, formal and tailored induction on joining the Board. The principal responsibilities of the Committee are as follows:

Chairman's Statement on Corporate Governance

- regularly reviews the structure, size and composition of the Board and makes recommendations to the Board with regard to any adjustments deemed appropriate;
- prepares the description of the role and capabilities required for a particular Board appointment and it may retain appropriate executive search consultants to assist in this process;
- identifies, and nominates for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- satisfies itself, with regard to succession planning, that processes are in place with regard to both Board and senior appointments; and
- undertakes an annual performance evaluation to ensure that all members of the Board have devoted sufficient time to their duties.

The Committee met twice during the year and all members eligible to attend were present.

Audit Committee

Our Audit Committee comprises two non-executive directors and the Chairman. The members are:

N T Gourlay (Chairman)

N W Hollingworth

R C Wright

The Committee is chaired by Mr N T Gourlay. The Company Secretary or alternate also attends meetings in her capacity as secretary of the Committee. The Chairman of the Committee is considered by the Board as having recent and relevant financial experience. The Audit Committee meets at least three times a year. The meetings are attended by invitation, by the executive directors, the head of the internal audit function and representatives of the Company's external auditor, at the Chairman's discretion.

The Committee's meetings in quarters one and three coincide with the Company's reporting timetable for its audited financial statements and unaudited interim condensed financial statements respectively. During these meetings the Committee:

- reviews the drafts of the financial statements and preliminary and interim results announcements;
- reviews all published accounts (including interim reports) and post-audit findings before their presentation to the Board, focusing in particular on accounting policies, compliance, management judgement and estimates; and
- considers the reports of the external auditor on the unaudited interim condensed financial statements and the full year audited financial statements.

The Committee's third meeting is primarily concerned with:

- reviewing the Company's systems of control and their effectiveness;
- significant corporate governance issues such as those relating to the regulation of financial services;
- reviewing the external auditor's performance;
- recommending to the Board the reappointment, or not, of the external auditor; and
- reviewing the audit fee.

The Committee met three times in the year under review and all members eligible to attend were present. It has reviewed the effectiveness of the Company's system of internal control and financial risk management during the year ended 31 March 2015, including the review of the Company's risk register, and including consideration of reports from both the internal and external auditors. The Audit Committee has reported the results of its work to the Board and the Board has considered these reports when reviewing the effectiveness of the Group's system of internal control, which forms part of the Board's high level risk review performed during the year. The effectiveness of the internal audit function is also monitored.

The Audit Committee provides advice to the Board on whether the Annual Report is fair, balanced and provides the necessary information shareholders require to assess the Company's performance, business model and strategy. In doing so the following issues have been addressed specifically:

- Review of key strategic risks – the Committee chairman conducts an Annual Review of key strategic risks and undertakes site visits in order to ensure that the review includes a detailed understanding of the business. The review highlights the key risks based on a combination of likelihood and impact and then also considers what appropriate mitigants should be implemented (highlights from this work are included in the Strategic Report).
- Review of poor performing dealerships – as part of both the interim and full year end review process, consideration is given to potential property, plant and equipment impairments relating to poor performing locations and any related impairments are provided for. Management will then follow up with detailed action plans to either improve dealership performance or seek an exit solution. The Audit Committee also reviews progress towards these plans at the following review. The Audit Committee is satisfied that no impairments are required.

- Going concern – the Finance Director provides an assessment of the Company's ability to continue to trade on a going concern basis for at least the next 12 months. Forecasts are based on financial plans agreed with the Board (budgets or forecasts), the Company's most recent trading results, and also include a range of possible downside scenarios. The assumptions that underpin the assessments are considered and discussed in detail when the Audit Committee meet. The conclusion of that review is included in the Directors' Report section of this Report.
- Inventory valuation – the value of new and used vehicles as well as the provision for slow moving and obsolete stock can have a significant influence on the inventory valuation in the financial statements. The Audit Committee has considered the Company's procedures and controls, which are satisfactory, to reduce the risk of misstatement in relation to inventory valuation.
- Pensions – the Group operates a defined benefit pension scheme, closed to future accrual, which has an excess of liabilities over the value of assets owned by each scheme. The assessment of the valuation of the scheme is based on several key assumptions which can have a significant impact on the valuation of the deficit. The Audit Committee has considered the assumptions used for the valuation of the liabilities of the scheme and is satisfied that these are reasonable.

Anti-Bribery

During the year, as well as its routine business, the Audit Committee has assessed the suitability of the Group's controls designed to combat bribery, in order to satisfy itself of the adequacy of the Group's systems and procedures for the prevention of bribery and corruption, particularly in the light of the Bribery Act 2010. It has reviewed and recommended the Board adopt the Group's Anti-Bribery policy statement.

Whistleblowing

The Audit Committee has reviewed the Company's arrangements for its employees to raise, in confidence, concerns about possible improprieties in relation to financial reporting, suspected fraud and dishonest acts or other similar matters, commonly known as "whistleblowing". The committee reviews any such reported incidences and any improvements to Company procedures that may be required.

Non-audit services provided by the external auditor

Non-audit services provided by the Company's auditor are kept under review by the Audit Committee. These will generally be other compliance services in the field of taxation advice. The Audit Committee ensures that the auditor's objectivity and independence are safeguarded through the use of separate teams of staff and by ensuring that the level of fees is not material to either the Group or the auditors. The report from Grant Thornton UK LLP confirming their independence and objectivity was reviewed by the chairman of the Audit Committee and the Finance Director. The level of fees paid to Grant Thornton UK LLP for non-audit services is not regarded to be in conflict with auditor independence. Fees payable to the auditors are set out in note 3 on page 49.

Effectiveness and independence of external auditor

Grant Thornton UK LLP has been external auditor since 1964. As part of this year's decision to recommend the reappointment of the auditor, the Audit Committee has taken into account the tenure of the auditor and the need to consider at least every ten years whether there should be a full tender process. There are no contractual obligations that act to restrict the Audit Committee's choice of external auditor.

The Audit Committee is also responsible for advising the Board on the appointment of the auditor, assessing their independence and formulating policy on the award of non-audit work. Non-audit work is only awarded to the auditors after due consideration of matters of objectivity, independence, costs, quality of service and efficiency. As a consequence of its satisfaction with the results of its review of the activities outlined above, the Audit Committee has recommended to the Board that the external auditors are reappointed by shareholders at the AGM.

At the conclusion of each year's audit, the performance of the external auditor is reviewed by the Committee with the executive directors covering such areas as quality of audit team, business understanding, audit approach and management. Where appropriate, actions are agreed against the points raised and subsequently monitored for progress.

Tax strategy and objective

As a reasonable taxpayer, the Group is committed to establishing, maintaining and monitoring the implementation of an appropriate tax strategy. Our tax strategy is aligned with our objective of paying the correct amount of tax at the right time. Commercial transactions are therefore structured in the most tax efficient way but without resorting to artificial arrangements which we regard as abusive. There is an ethical dimension to achieving this objective. The ethical dimension reflects the need to mitigate the risk to the Company's reputation which would arise from a tax strategy that entails aggressive tax planning.

Chairman's Statement on Corporate Governance

Risk management and internal controls

The Board is responsible for maintaining a sound system of internal controls, including financial, operational and compliance controls and risk management, and reviews the effectiveness of the system at least annually in order to safeguard shareholders' investment and the Group's assets. The system is designed to manage rather than eliminate risk and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, that has been in place for the year under review and up to the date of approval of the Annual Report and Accounts, and that this process is regularly reviewed by the Board.

The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed.

Management is responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls. These risks are assessed on a regular basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe, customer or supplier actions and regulatory requirements.

The process used by the Board is to review the effectiveness of the system of internal control, including a review of legal compliance, health and safety and environmental issues, on a six monthly basis. Insurance and risk management and treasury issues, are reviewed annually or more frequently if necessary. In addition, the Audit Committee reviews the scope of audits, the half yearly and annual financial statements (including compliance with legal and regulatory requirements) and reports to the Board on financial issues raised by both the internal and external audit reports. Financial control is exercised through an organisation structure which has clear management responsibilities with segregation of duties, authorisation procedures and appropriate information systems. The system of annual budgeting with monthly reporting and comparisons to budget is a key control over the business and in the preparation of consolidated accounts.

There is an ongoing programme of internal audit visits to monitor financial and operational controls throughout the Group. The executive directors receive regular reports from the internal audit and health and safety monitoring functions which include recommendations for improvement.

Relations with shareholders

The Board values the constructive views of its shareholders and recognises their interest in the Group's strategy and performance, Board membership and quality of management. The views of major shareholders are reported back to the Board as appropriate. The non-executive directors have also attended a number of meetings with major shareholders. The principal methods of communication with private investors are the Interim Statement, the Annual Report and the Annual General Meeting. Information on the Company is also included on its website at www.caffynsplc.co.uk.

The Annual General Meeting is used to communicate with investors and they are encouraged to participate. The chairmen of the Audit, Remuneration and Nomination Committees are available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to approve the Annual Report and financial statements. The Company counts all proxy votes and, after it has been dealt with by a show of hands, will indicate the level of proxies lodged on each resolution.

Approved by order of the Board

R C Wright
Chairman
3 June 2015

Directors' Remuneration Report

ANNUAL STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Introduction

On behalf of your Board, I am pleased to present our Directors' Remuneration Report for the year ended 31 March 2015. This Directors' Remuneration Report has been prepared on behalf of the Board by the Remuneration Committee ('the Committee') in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendments) Regulations 2013 and is split into two sections:

- the directors' remuneration policy sets out the Company's intended policy on directors' remuneration from 23 July 2014 which was subject to a binding shareholder vote at last year's AGM and at least every third year after that; and
- the annual report on remuneration sets out payments and awards made to the directors and details the link between Company performance and remuneration for 2014-15 and is subject to an advisory shareholder vote at this year's AGM.

The information set out on pages 17 to 27 (the annual report on remuneration) is subject to audit apart from the performance graph and table, the change in remuneration of the Chief Executive, the relative importance of the spend on pay, the implementation of remuneration policy in 2014, the considerations by the directors of matters relating to directors' remuneration and the statement of shareholder voting at the 2014 AGM.

Remunerations outcomes for 2014-15

Annual bonus opportunities are based on the achievement of profit before tax targets. Bonuses of 38% of eligible salary have been awarded to the executive directors in respect of 2014-15, which reflects the good financial results of the Group for the year.

Key remuneration decisions for 2015-16

The base salaries for the executive directors were increased by 2.4% with effect from 1 April 2015. Salaries for all employees were increased by an overall 2.4% with effect from 1 April 2015.

Conclusion

The directors' remuneration policy which follows this annual statement sets out the Committee's principles on remuneration for the future and the annual report on remuneration provides details of remuneration for the year ended 31 March 2015.

The Committee will continue to be mindful of shareholder views and interests, and we believe that our directors' remuneration policy continues to be aligned with the achievement of the Company's business objectives.

By order of the Board

N W Hollingworth
Chairman of the Remuneration Committee
3 June 2015

Directors' Remuneration Report

REMUNERATION POLICY

The policy of the Committee is to ensure that the Executive Directors are fairly rewarded for their individual contributions to the group's overall performance and to provide a competitive remuneration package to Executive Directors to attract, retain and motivate individuals of the calibre required to ensure that the Group is managed successfully in the interests of shareholders. In addition, the Committee's policy is that a substantial proportion of the remuneration of the Executive Directors should be performance related.

The Company's current Directors' Remuneration Policy was approved by shareholders on 24 July 2014 at the 2014 AGM and became effective from that date. The full policy was disclosed in the 2014 Annual Report, which is available on the Caffyns plc website located at www.caffynsplc.co.uk.

Future policy table

The main elements of the remuneration package of Executive Directors are set out below:

Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Base salary			
Provide competitive remuneration that will attract and retain high calibre executive directors to deliver strategy.	Reviewed annually effective from 1 April to reflect role, responsibility and performance of the individual and the Company, and to take into account rates of pay for comparable roles in similar companies. Paid in 12 equal monthly instalments during the year. When selecting comparators, the Committee has regard to the Group's revenue, market worth and business sector.	Executive directors awarded 2.4% increase from 1 April 2015. There is no prescribed maximum increase. Annual rate set out in the annual report on remuneration for the current year and the following year.	The Committee considers individual salaries at the appropriate Committee meeting each year taking due account of the factors noted in the operation of the salary policy.
Benefits			
Provide market competitive benefits consistent with role.	Currently these consist of provision of company cars, health insurance, business related subscriptions and the opportunity to join the Company's savings related share option scheme ("SAYE").	The cost of providing benefits is borne by the Company and varies from time to time.	No changes.

Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Annual bonus			
Incentivises achievement of business objectives by providing a reward for performance against annual targets.	Paid in cash after the end of the financial year to which it relates.	Up to 100% of salary.	Targets based on underlying profit before tax of the Company. The Committee sets threshold and maximum targets on an annual basis. In general: • a percentage of the maximum bonus is payable for hitting the threshold target. • 100% of the maximum bonus is payable for meeting or exceeding the maximum target. A sliding scale operates between threshold and maximum performance. No bonus is payable where performance is below the threshold. Payment of any bonus is subject to the overriding discretion of the Committee.
Long-term incentives			
Alignment of interests with shareholders by providing long-term incentives delivered in the form of shares.	Directors are able to apply for maximum entitlement under the rules of the Company's SAYE scheme.	See page 25 for details.	Not applicable.
Pension			
Attract and retain Executive Directors for the long term by providing funding for retirement.	Executive directors are eligible to join the Company's staff pension scheme on the same terms as staff generally. In accordance with the rules of the Company pension scheme, applicable to all members of the scheme, bonuses are pensionable. As a result of the changes in pensions' legislation effective from 6 April 2006, during the year the Company has paid a salary supplement to the executive directors in lieu of the employers' contribution to the Company's pension scheme.	3% of base salary plus bonus.	Not applicable.

Directors' Remuneration Report

Notes to the policy table

Performance conditions

The Committee selected the performance conditions as they are central to the Company's strategy and are the key metrics used by the executive directors to oversee the operation of the business. The performance targets for the annual bonus are determined annually by the Committee.

The performance target for the annual bonus is based on underlying profit before tax as set out in note 8 to the accounts. The Committee is of the opinion that this performance target is commercially sensitive for the Company and that it would therefore be detrimental to the Company to disclose details of the target in advance. The targets will be disclosed after the end of the financial year in the annual report on remuneration.

Changes from policy operating in the year ended 31 March 2015

There were no changes to policy arising in the year.

Differences from remuneration policy for all employees

All employees of the Company are entitled to base salary and benefits. The opportunity to earn a bonus is made available to a high proportion of employees. The maximum opportunity available is based on the seniority and responsibility of the role.

Statement of consideration of employment conditions of employees elsewhere in the Group

The Committee receives reports on an annual basis on the level of pay rises awarded across the Group and takes these into account when determining salary increases for executive directors. In addition, the Committee receives reports on the structure of remuneration for senior management in the tier below the executive directors and uses this information to ensure a consistency of approach for the most senior managers in the Group.

The Committee does not specifically invite employees to comment on the directors' remuneration policy, but it does take note of any comments made by employees.

Statement of consideration of shareholder views

The Board considers shareholder feedback received in relation to the AGM each year and any action is built into the Committee's business for the ensuing period. This, and any additional feedback received from shareholders from time to time, is considered by the Committee and as part of the Company's annual review of remuneration policy.

Approach to recruitment remuneration

The Committee's approach to recruitment remuneration is to offer a market competitive remuneration package sufficient to attract high calibre candidates who are appropriate to the role but without paying any more than is necessary.

Any new executive director's regular remunerations package would include the same elements and be in line with the policy table set out earlier in the directors' remuneration policy, including the same limits on performance related remuneration.

Where an internal candidate is promoted to the Board the original grant terms and conditions of any bonus or share awards made before that promotion will continue to apply, as will their membership of any of the Group's pension arrangements.

Reasonable relocation and other similar expenses may be paid if appropriate.

Directors' service contracts, notice periods and termination payments

Provision	Policy	Details	Contractual provisions on a change of control of the Company	Other provisions in specific service contracts
Notice periods in Executive Directors' service contracts.	12 months by executive director and the Company.	Executive directors may be required to work during the notice period.	12 months by executive director and the Company.	S G M Caffyn may give six months' notice but is entitled to two years' notice from the Company and an unreduced early retirement pension.

Provision	Policy	Details	Contractual provisions on a change of control of the Company	Other provisions in specific service contracts
Compensation for loss of office.	No more than 12 months' basic salary, bonus and benefits (including Company pension contributions).	None.	None apart from Chief Executive.	Termination payment to S G M Caffyn following a change of control comprises cash amount equal to 2 years' basic salary, bonus and benefits (including Company pension contributions).
Treatment of annual bonus on termination.	Bonuses which have already been declared are payable in full. In the event of termination by the Company (except for cause) a pro rated bonus to the end of the notice period is also payable.	None.	None.	None.
Treatment of unvested SAYE options.	Good leavers may exercise their options within six months of cessation (one year for death). Options of leavers for fraud, dishonesty or misconduct lapse. Options of other leavers may be exercised within six months of cessation, but only to the extent that they would ordinarily become vested during that time. There is no discretion to treat any such leaver as a "good leaver".	Other than death, good leaver circumstances comprise, injury, disability, redundancy, retirement or transfer of employing business outside the Group. The number of options that can be exercised is reduced pro rata to reflect the proportion of the vesting period before cessation.	The number of options that can be exercised is reduced pro rata to reflect the proportion of the vesting period before cessation.	Not applicable.
Exercise of discretion.	Intended only to be relied upon to provide flexibility in unusual circumstances.	The Committee's determination will take into account the particular circumstances of the executive director's departure and the recent performance of the Company.	Not applicable.	Not applicable.
Outside appointments.	Subject to approval.	Board approval must be sought.	Not applicable.	Not applicable.
Non-executive directors.	Appointed for three year terms.	Six months' compensation payable if required to stand down.	Not applicable.	Not applicable.

In the event of the negotiation of a compromise or settlement agreement between the Company and the departing director, the Committee may make payments it considers reasonable in settlement of potential legal claims. Such payments may also include reasonable reimbursement of professional fees in connection with such agreements.

Directors' Remuneration Report

The Committee may also include the reimbursement of repatriation costs or fees for professional or outplacement advice in the termination package, if it considers it reasonable to do so. It may also allow the continuation of benefits for a limited period.

Service contracts

Executive directors are appointed under rolling service contracts, whereas non-executive directors each have a fixed-term appointment of three years renewable upon expiry, at the Company's discretion. When considering the reappointment of a non-executive director, the Board reviews his attendance at, and participation in, meetings and his overall performance, and also takes into account the balance of skills and experience of the Board as a whole.

Director	Commencement	Expiry	Unexpired term at 31 March 2015 (months)
R C Wright	1 November 2014	31 October 2017	31
N W Hollingworth	1 February 2014	31 January 2017	22
N T Gourlay	26 September 2013	25 September 2016	18

Copies of directors' service contracts and letters of appointment are available for inspection at the Company's registered office.

Fees from external directorships

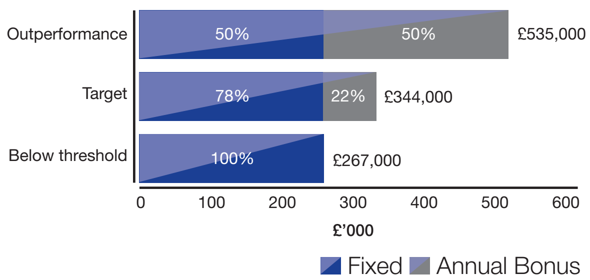
None of the executive directors holds office as a non-executive director of other companies other than in a voluntary or honorary (that is, unpaid) capacity. Accordingly, the Company does not have a formal policy on whether or not an executive director may keep fees gained from holding an external non-executive directorship. This would be decided on a case by case basis.

Total remuneration opportunity for 2015-16

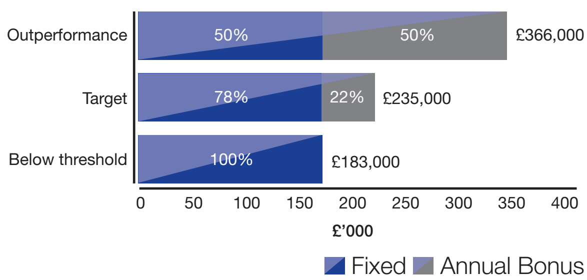
The chart below illustrates the remuneration that would be paid to each of the Executive Directors under three different performance scenarios: (i) Below threshold; (ii) On Target and (iii) Outperformance.

The elements of remuneration have been categorised into two components: (i) Fixed and (ii) Annual variable (annual bonus awards).

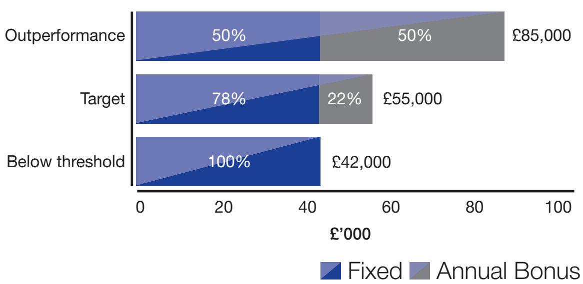
S G M Caffyn



M S Harrison



S J Caffyn



Each element of remuneration is defined in the table below:

Element	Description
Fixed	Base salary for 2015-16
Annual bonus	Annual bonus awards

The on target scenario assumes that for the annual bonus, underlying profit is in line with budget.

Non-executive directors fee policy

The policy for the remuneration of the non-executive directors is as set out below. Non-executive directors are not entitled to a bonus, they cannot participate in the Company's share option schemes and they are not eligible for pension arrangements.

Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Non-executive director fees			
To attract NEDs who have a broad range of experience and skills to oversee the implementation of our strategy.	NED fees are determined by the Board within the limits set out in the Articles of Association.	Reviewed annually to reflect the role, responsibility and performance of the individual and the Company.	None.
	Paid in 12 equal monthly instalments during the year.	Annual rate set out in the annual report on remuneration for the current year and the following year. No prescribed maximum annual increase.	

ANNUAL REPORT ON REMUNERATION

Save for the performance graph and table, the change in the remuneration of the Chief Executive, the relative importance of the spend on pay, the implementation of remuneration policy in 2015-16, the consideration by the directors of matters relating to directors' remuneration and the statement of shareholder voting at the 2014 AGM, the information set out in this part of the Directors' Remuneration Report is subject to audit.

Single total figure of remuneration for 2014-15

The following table shows a single total figure of remuneration in respect of qualifying services for the 2014-15 financial year for each director, together with comparative figures for 2013-14. The information provided in this part of the Directors' Remuneration Report is subject to audit.

	Salary and fees £000		Taxable benefits £000		Annual bonus £000		In lieu of pension contributions £000		Total £000	
	2014-15	2013-14	**2014-15**	2013-14	**2014-15**	2013-14	**2014-15**	2013-14	**2014-15**	2013-14
Executive directors										
S G M Caffyn	**261**	254	**12**	12	**105**	253	**11**	15	**389**	534
M S Harrison	**179**	174	**13**	14	**71**	173	**7**	9	**270**	370
S J Caffyn	**68**	76	**4**	4	**11**	37	**2**	3	**85**	120
Total	**508**	504	**29**	30	**187**	463	**20**	27	**744**	1,024
Non-executive directors										
R C Wright	**60**	56	**–**	–	**–**	–	**–**	–	**60**	56
N W Hollingworth	**27**	26	**–**	–	**–**	–	**–**	–	**27**	26
A R Goodburn	**–**	15	**–**	–	**–**	–	**–**	–	**–**	15
N T Gourlay	**27**	13	**–**	–	**–**	–	**–**	–	**27**	13
Total	**114**	110	**–**	–	**–**	–	**–**	–	**114**	110
Aggregate directors' emoluments	**622**	614	**29**	30	**187**	463	**20**	27	**858**	1,134

Directors' Remuneration Report

Annual bonus

Bonuses are earned by reference to the financial year and paid in May following the end of the financial year. The bonuses accruing to the executive directors in respect of the year ended 31 March 2015 are based on the underlying profit before tax as shown below:

					Bonus value as % of salary					
					S G M Caffyn		M S Harrison		S J Caffyn	
	Threshold	Target	Maximum	Actual performance	Max	Actual	Max	Actual	Max	Actual
Underlying profit before tax*	£1.83m	£2.24m	£3.86m	£2.47m	100%	39%	100%	39%	100%	16%
Bonus receivable	10%	28%	100%	39%	£104,561		£71,234		£11,051	

*The underlying profit before tax is after taking into account the cost of such bonus including employers NI and contributions in lieu of pension contributions.

Miss S J Caffyn was absent for at least half of the year in both 2013-14 and 2014-15.

Pension entitlements and cash allowances

Three executive directors are deferred members of the Company's closed defined benefit pension scheme ("the DB Scheme") at the year end (2014: three). Executive directors' pensions are provided by the DB Scheme, which provides a pension of a maximum of two-thirds of final salary in respect of benefits accrued up to 31 March 2006. With effect from 1 April 2006, the accrued benefits of these directors will be on a "career average" basis and based upon earnings in each financial year. There is a widow's pension of half the director's pension and a death in service benefit of three times salary. The DB Scheme closed to future accrual with effect from 1 April 2010.

The executive directors who are members of the DB Scheme are eligible for a pension of up to two-thirds of total salary excluding benefits at normal retirement age of 65. Pensions for executives are provided on a contributory basis through the Group pension scheme. The value of share options or other benefits does not form part of pensionable salary. The pension scheme provides for the payment of benefits on death or disability. The following pension benefits accrued to directors from the Company:

	Normal retirement date	**Total annual accrued pension at 31 March 2015 £'000**	Total annual accrued pension at 31 March 2014 £'000
S G M Caffyn	1 December 2025	**113**	112
M S Harrison	8 June 2018	**33**	33
S J Caffyn	12 December 2033	**33**	33

The total annual accrued pension excludes transferred-in benefits.

Normal retirement age for members of the defined benefit pension scheme is 65. On early retirement before age 65, accrued pension is discounted by 5% per annum (2013: 5%) simple, except where the Company consents to early retirement between 60 and 65, and then no discount would be applied in respect of accrued benefits earned up to 31 March 2015. Along with other employees who were employed by the Company in the year ended 31 March 1991, Mr S G M Caffyn is entitled to retire at age 60 on an unreduced basis. Pensions paid increase in line with Price Indexation which may be limited. On death, a one-half spouse's pension is due. Children's allowances to a maximum, including spouse's pension, of 100% of the executive's pension may be payable. Allowance is made in transfer value payments for discretionary benefits.

In the year to 31 March 2015, none of the directors were members of the Company's Defined Contribution Scheme (2014: None).

The non-executive directors are not members of the Company's pension scheme.

Statement of directors' shareholding

The table below summarises the directors' shareholdings as at 31 March 2015. There were no changes in these shareholdings between that date and the date of approval of this report.

	As at 31 March 2015		As at 31 March 2014	
	Ord	**10% Pref**	Ord	10% Pref
R C Wright	**5,312**	**–**	5,312	–
S G M Caffyn	**49,216**	**1,600**	46,366	1,600
M S Harrison	**9,466**	**–**	7,592	–
S J Caffyn	**36,971**	**1,655**	36,971	1,655
N W Hollingworth	**2,500**	**–**	2,500	–
N T Gourlay	**3,000**	**–**	1,500	–

No share ownership guidelines apply to directors.

All employee share scheme

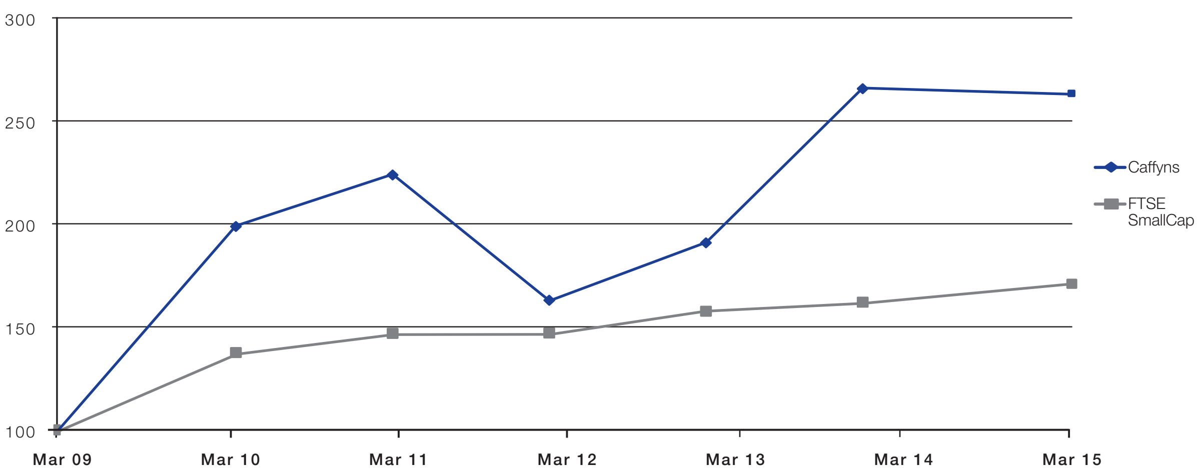
Details of share options held by executive directors under the Employee ShareSave Scheme 2013 (see note 19 on page 62) are as follows:

	Scheme	Date of grant	Earliest exercise date	Expiry date	Exercise price £	Number at 1 April 2014	Lapsed in year	**Number at 1 March 2015**
S G M Caffyn	ShareSave	08/08/2013	01/09/2016	28/02/17	3.12	2,261	–	**2,261**
M S Harrison	ShareSave	08/08/2013	01/09/2016	28/02/17	3.12	2,261	–	**2,261**
S J Caffyn	ShareSave	08/08/2013	01/09/2016	28/02/17	3.12	2,261	–	**2,261**

Performance graph and table

The chart below shows the Company's five year annual total shareholder return performance against the FTSE Small Cap Total Return Index, which is considered to be an appropriate comparison to other public companies of a similar size.

Total shareholder return – 31 March 2009 to 31 March 2015



Directors’ Remuneration Report

The table below sets out the total remuneration delivered to the Chief Executive over each of the last six years, valued using the same methodology as applied to the single total figure of remuneration.

	Chief Executive: S G M Caffyn					
	2009-10	2010-11	2011-12	2012-13	2013-14	**2014-15**
Total single figure £’000	367	290	268	280	534	**389**
Annual bonus % of maximum opportunity	27.5%	8.4%	Nil	5.0%	100.0%	**38.9%**

Change in remuneration of Chief Executive

The following sets out the change in the Chief Executive’s salary, benefits and bonus between 31 March 2014 and 31 March 2015 compared with the average percentage change in each of those components for the employees of the Group.

	Increase in base salary	Increase in benefits	Decrease in bonus
CEO	3%	0%	(62%)
Departmental managers and above	3%	0%	(19%)

The comparator group comprising departmental managers and above has been selected on the basis that these managers also have direct operational management responsibilities.

Relative importance of spend on pay

The table below sets out the total spend on pay in two years to 31 March 2015 compared with other disbursements from profit (i.e. the distributions to shareholders). These were the most significant outgoings for the Company in the last financial year.

	Spend in 2014-15 £’000	Spend in 2013-14 £’000	% Increase
Spend on staff pay (including Directors)	**12,838**	12,496	2.7%
Profit distributed by way of dividend	**517**	360	43.6%

If the proposed final dividend for the year ended 31 March 2015 is approved at the forthcoming AGM, the total dividend payable in respect of the year to 31 March 2015 will be £558,000 (2014: £497,000), an increase of 12.3%.

Implementation of remuneration policy 2015-16

The annual salaries and fees to be paid to directors in 2015-16 are set out in the table below, together with any increases expressed as a percentage.

	2015-16 salary/fees £’000	2014-15 salary/fees £’000	Increase %
S G M Caffyn	**267**	261	2.4
M S Harrison	**183**	179	2.4
S J Caffyn	**42**	68	2.4*
R C Wright	**61**	60	2.4
N W Hollingworth	**27**	27	2.4
N T Gourlay	**27**	27	2.4

* Reduction due to reduced contracted hours.

The basis for determining annual bonus payments for 2015-16 is set out in the future policy table in the Directors’ Remuneration Report on page 24. The profit targets are considered commercially sensitive because of the information that they provide to the Company’s competitors and consequently these will only be disclosed after the end of the financial year, in the 2016 annual report of remuneration.

Consideration by the directors of matters relating to directors' remuneration

The Committee

The Committee is responsible for reviewing and recommending the framework and policy for remuneration of the Executive Directors and of senior management. The Committee's terms of reference are available on the Company's website. The members of the Committee during the financial year were N W Hollingworth (Chairman), R C Wright and N T Gourlay. N W Hollingworth and N T Gourlay are independent non-executive directors of the Board. The Committee met three times during the year and all members were present.

The primary role of the Committee is to set the directors' remuneration policy and accordingly to:

- review, recommend and monitor the level and structure of remuneration for the executive directors and other senior executives;
- approve the remuneration package for the executive directors;
- determine the balance between base pay and performance related elements of the package to align executive directors' interests with those of shareholders; and
- approval annual incentive payments for executive directors.

Summary of activity during 2014-15

During 2014-15 the Committee conducted its annual review of all aspects of the remuneration packages of the executive directors to ensure that they continue to reward and motivate achievement of medium and long-term objectives, and align the interests of executive directors and shareholders. Accordingly, the Committee's activities during the year included:

- reviewing the basic salaries of the executive directors for 2015-16;
- reviewing the basic salary of the Chairman;
- setting annual performance targets in line with the Company's plan for 2015-16 and determining the amounts that may potentially be payable.

Statement of voting at 2014 AGM

At the last Annual General Meeting, votes on the Directors' Remuneration Report were cast as follows:

Votes for	%	Votes against	%	Abstentions	%
2,728,711	88.00	368,765	11.88	3,700	0.12

At the last Annual General Meeting, votes on the Directors' Remuneration policy were cast as follows:

Votes for	%	Votes against	%	Abstentions	%
2,728,611	87.99	368,865	11.89	3,700	0.12

By order of the Board

N W Hollingworth
Chairman of the Remuneration Committee
3 June 2015

Report of the Directors

The Directors present their report and financial statements for the year ended 31 March 2015.

Results and dividends

The results of the Group for the year are set out in the financial statements on pages 37 to 41. An interim dividend of 6.75p per share was paid to shareholders on 9 January 2015. The Board is recommending a final dividend of 13.5p per share (2014: 12.0p) making a total of 20.25p per share (2014: 18.0p). Total ordinary dividends paid in the year amounted to £517,000. Dividends paid in the year to preference shareholders were £102,000 (2014: £102,000) as set out in note 9 to the financial statements.

Future developments of the Group are set out in the Operational and Business Review on pages 2 to 5.

Directors

The directors in office at 31 March 2015 are set out below:

Mr R C Wright PG Dip FIMI FCIM was appointed Chairman on 26 July 2012. He joined the Board as a non-executive director and Chairman-elect on 1 November 2011. He has previously held senior executive roles with the Ford Motor Company including Director, European Operations at Jaguar Cars Limited, Director of Sales, Ford Motor Company Limited and President/ Managing Director of Ford Belgium NV and was Chairman of API Group plc until 31 October 2014. He has been on the Advisory Board of Warwick Business School, University of Warwick, since 2002. He is the former Chair of the Board of National Savings and Investments, which is part of HM Treasury.

Mr N W Hollingworth BSc joined the Board as a non-executive director on 1 March 2008. He graduated from Birmingham University in 1973 having read chemistry. He is currently Group Chief Executive of Austin Reed Group Limited, formerly Austin Reed plc which de-listed from the London Stock Exchange in January 2007, having formerly held senior management roles within Arcadia Group plc, Etam plc and The Burton Group plc.

Mr N T Gourlay BSc FCA, a Chartered Accountant, joined the Board as a non-executive director on 26 September 2013. He spent more than 20 years with the BAT plc group of companies, leaving in 2001. In 2003 Mr Gourlay co-founded Animos LLP, a business consultancy of which he remains a partner. He is currently a director of Toronto Venture Exchange quoted Feronia Inc.

Mr S G M Caffyn MA FIMI joined the Board on 16 July 1992 and was appointed chief executive on 1 May 1998. He graduated from Cambridge in 1983 having read engineering, and subsequently worked for Andersen Consulting. He joined the Company in 1990.

Mr M S Harrison FCA FIMI joined the Board on 17 April 2000. A Chartered Accountant, he was previously Finance Director of Faupel Trading Group plc for nine years. Having qualified with Grant Thornton, he joined KPMG. Subsequent commercial appointments were in the property, retail and distribution sectors.

Miss S J Caffyn BSc FCIPD AICSA FIMI joined the Board on 28 April 2003 as Human Resources Director. She joined the Company on 27 April 1998 as Group Personnel Manager and was appointed Company Secretary in 1999. A Chartered Company Secretary, she was previously an HR Manager at St Mary's NHS Trust, Paddington.

Interests in shares

The interests of the directors and their families in the shares of the Company are as follows:

	As at 31 March 2015		As at 31 March 2014	
	Ord	**10% Pref**	Ord	10% Pref
R C Wright	**5,312**	**–**	5,312	–
S G M Caffyn	**49,216**	**1,600**	46,366	1,600
M S Harrison	**9,466**	**–**	7,592	–
S J Caffyn	**36,971**	**1,655**	36,971	1,655
N W Hollingworth	**2,500**	**–**	2,500	–
N T Gourlay	**3,000**	**–**	1,500	–

There were no changes in the directors' shareholdings between 1 April and the date of this report.

Mr S G M Caffyn and Miss S J Caffyn are directors of Caffyn Family Holdings Limited which owns all of the 2,000,000 6% Cumulative Second Preference Shares which have full voting rights.

The market price of the Company's Ordinary Shares at 31 March 2015 was £5.40 and the range of market prices during the year was £4.75 to £6.50.

Appointment and replacement of the Company's directors

The rules for the appointment and replacement of the Company's directors are detailed in the Company's Articles of Association. Directors are appointed by ordinary resolution at a general meeting by shareholders entitled to vote or by the Board either to fill a vacancy or as an addition to the existing Board. The appointment of non-executive directors is on the recommendation of the Nomination Committee; the procedure is detailed in the Chairman's Statement on Corporate Governance on page 13.

Directors' indemnity and insurance

The Company's Articles of Association permit the Board to grant the directors indemnities in relation to their duties as directors in respect of liabilities incurred by them in connection with any negligence, default, breach of duty or breach of trust in relation to the Group. In line with market practice, each director has the benefit of a deed of indemnity. The Group has also purchased insurance cover for the directors against liabilities arising in relation to the Company, as permitted by the Companies Act 2006. This insurance does not cover fraudulent activity.

Compensation for loss of office

In the event of an executive director's employment with the Company being terminated, Mr S G M Caffyn is entitled to receive from the Company a sum equivalent to twice his annual emoluments which applied immediately before his termination and Mr M S Harrison and Miss S J Caffyn are entitled to receive from the Company a sum equivalent to their annual emoluments which applied immediately before their termination. Emoluments include a proportion of the available bonus which the expired part of the measured period for bonus bears to the whole of such measurement period. If there is a change in control of either the composition of the Board, the policy of the Company in General Meeting or 30% or more of the issued equity capital of the Company, Mr S G M Caffyn is entitled to elect for an early retirement pension which shall not be reduced due to early payment but is limited by restrictions which may be imposed by HM Revenue & Customs. The executive directors' service contracts commenced from the date of their appointment to the Board.

In the event of the Chairman's employment with the Company being terminated, he or she is entitled to receive from the Company a sum equivalent to six months' salary.

In the event of a non-executive director's employment with the Company being terminated, they are entitled to receive from the Company a sum equivalent to six months' salary.

Employees

Employees are encouraged to discuss with management any matters which they are concerned about and factors affecting the Group. In addition, the Board takes account of employees' interests when making decisions. Suggestions from employees aimed at improving the Group's performance are welcomed. The Group has an HR Director, Sarah Caffyn. Further information on employees is set out in the Strategic Report on page 9.

Share capital

As at 31 March 2015, the issued share capital of the Company comprised Ordinary Shares of 50p each and three classes of preference share, namely 6.5% Cumulative First Preference Shares of £1 each, 10% Cumulative Preference Shares of £1 each and 6% Cumulative Second Preference Shares of 10p each. Details of the share capital of the Company and are set out in note 22 to the accounts. The rights and obligations attaching to the Company's shares are set out below and in the Company's Articles of Association, copies of which can be obtained from Companies House or by writing to the Company Secretary.

Rights and obligations attaching to shares

Subject to applicable statutes and other shareholders' rights, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide.

Holders of Ordinary Shares are entitled to attend and speak at general meetings of the Company, and to appoint one or more proxies (and, if they are corporations, corporate representatives). Holders of Ordinary Shares are entitled to receive a dividend if one is declared and receive a copy of the Company's Annual Report and Accounts.

Holders of Cumulative First Preference Shares are entitled in priority to any payment of dividend on any other class of shares, to a fixed cumulative preferential dividend at the rate of 6.5% per annum.

Subject to the rights of the holders of Cumulative First Preference Shares, holders of 6% Cumulative Second Preference Shares of 10p each are entitled in priority to any payment of dividend on any other class of shares to a fixed cumulative preferential dividend at the rate of 6% per annum.

Report of the Directors

Subject to the rights of the holders of Cumulative First Preference Shares and 6% Cumulative Second Preference Shares of 10p, holders of 10% Cumulative Preference Shares of £1 each are entitled in priority to any payment of dividend on any other class of shares to a fixed cumulative preferential dividend at the rate of 10% per annum. The percentage of the total share capital represented by each class is as follows:

Authorised	£'000	%
500,000 6.5% Cumulative First Preference Shares of £1 each	500	12.35
1,250,000 10% Cumulative Preference Shares of £1 each	1,250	30.86
3,000,000 6% Cumulative Second Preference Shares of 10p each	300	7.41
4,000,000 Ordinary Shares of 50p each	2,000	49.38
	4,050	100.00
Allotted, called up and fully paid		
389,000 6.5% Cumulative First Preference Shares of £1 each	389	14.54
648,000 10% Cumulative Preference Shares of £1 each	648	24.22
2,000,000 6% Cumulative Second Preference Shares of 10p each	200	7.47
Total preference shares recognised as a financial liability	1,237	46.23
2,879,298 Ordinary Shares of 50p each	1,439	53.77
	2,676	100.00

Voting rights, restrictions on voting rights and deadlines for voting rights

Shareholders (other than any who, under the provisions of the Articles of Association or the terms of the shares they hold, are not entitled to receive such notices from the Company) have the right to receive notice of, and attend, and to vote at all general meetings of the Company. The Company's auditor has similar rights except that they may not vote. A resolution put to the vote at any general meeting is to be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is properly demanded.

Every member present in person at a general meeting has, on the calling of a poll, one vote for every Ordinary Share of 50p nominal amount of share capital of which he is the holder and one vote for every 6% Cumulative Second Preference Share of 10p nominal amount of share capital of which he is the holder. In the case of joint holders of a share, the vote of the member whose name stands first in the register of members is accepted to the exclusion of any vote tendered by any other joint holder. Unless the Board decides otherwise, a shareholder may not vote at any general or class meeting or exercise any rights in relation to meetings while any amount of money relating to his shares remains outstanding.

A member is entitled to appoint a proxy to exercise all or any of their rights to attend and speak and vote on their behalf at a general meeting. Further details regarding voting at the Annual General Meeting can be found in the notes to the Notice of the Annual General Meeting. To be effective, paper proxy appointments and voting instructions must be received by the Company's registrars no later than 48 hours before a general meeting.

There are no restrictions on the transfer of Ordinary Shares in the Company other than certain restrictions which may be imposed pursuant to the Articles of Association of the Company, certain restrictions which may from time to time be imposed by laws and regulations (for example in relation to insider dealing), restrictions pursuant to the Company's share dealing code whereby directors and certain employees of the Company require prior approval to deal in Company's shares, and where a person has been served with a disclosure notice and has failed to provide the Company with information concerning the interests in those shares.

The Company is not aware of any arrangements or agreements between shareholders that may result in restrictions on the transfer of Ordinary Shares or on voting rights.

Sharesave scheme

The Company encourages employee share ownership through the provision of a Save As You Earn (SAYE) scheme, administered by the Yorkshire Building Society. The scheme was launched in March 2013 and applications received from 122 employees. The share options for 124,445 Ordinary Shares granted under the scheme in August 2013 are exercisable upon expiry of a three year savings contract at a pre-determined price of £3.12 per share. There were options over 110,232 Ordinary Shares outstanding as at 31 March 2015.

Significant direct or indirect shareholdings

At 3 June 2015, the directors are aware of the following interests in 3% or more of the nominal value of the Ordinary Share capital (excluding treasury shares):

	Ordinary Shares	%
M A Bruce-Smith	184,000	6.67
GAM Exempt UK Opportunities Fund	173,267	6.28
HSBC Republic Bank Suisse SA	128,349	4.65
Caffyns Pension Fund	125,570	4.55
A M Caffyn	108,336	3.93
K E Caffyn	104,804	3.80
Lady D A Caffyn	95,011	3.44
M I Caffyn	86,500	3.14
HSBC Global Custody	85,000	3.08

Greenhouse gas emissions

Information on greenhouse gas emissions is set out in the Strategic Report on pages 9 and 10.

Business at the Annual General Meeting

As well as dealing with formal business, the Company takes the opportunity afforded at the Annual General Meeting to provide up-to-date information about the Company's trading position and to invite and answer questions from shareholders on its policies and business. At the Annual General Meeting, a separate resolution is proposed for each substantive matter. The Company's Annual Report and financial statements are despatched to shareholders, together with the Notice of Annual General Meeting summarising the business proposed, giving the requisite period of notice.

Going concern

The directors are satisfied that, after making enquiries, the Group is in a sound financial position with adequate resources to continue in operation for the foreseeable future. In forming this view, the directors have reviewed detailed financial trading and cash flow forecasts and other financial information. These forecasts indicate that the Group will be able to operate within the financing facilities that are available to it, with sufficient margin for reasonable adverse movements in expected trading conditions. They have also taken into consideration that the Group's banking facilities remain available to them and are appropriate given the Group's current and medium- term plans. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details surrounding the Directors' rationale regarding the going concern assumption are included in Principal Accounting Policies on page 42.

Information concerning the Group's liquidity and financing risk are set out on page 7 and note 17 to the financial statements.

Property

The Company last valued its portfolio of freehold premises as at 31 March 2015 but excluding two sites which were for sale as at that date. The valuation was carried out by CBRE Limited, Chartered Surveyors, on the basis of existing use value. Excluding the two properties noted above, the excess of the valuation over net book value as at 31 March 2015 was £8.49m. In accordance with the Company's accounting policies, this surplus has not been incorporated into the accounts.

Auditor

Grant Thornton UK LLP has indicated its willingness to continue as the independent auditor and a resolution concerning its reappointment will be proposed at the Annual General Meeting.

The Directors who held office at the date of approval of this Directors' Report confirm that, in so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board

S J Caffyn
Company Secretary
3 June 2015

Directors' Responsibilities

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Annual Report, the Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements and have elected to prepare the parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Remuneration report comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the directors consider the Annual Report and the financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of our knowledge:

- the Group financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by order of the Board

S G M Caffyn
Chief Executive

M S Harrison
Finance Director

3 June 2015

Report of the Independent Auditor

Independent auditor's report to the members of Caffyns plc

Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2015 and of the Group's and the parent Company's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Who are we reporting to:

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

What we have audited

Caffyns plc's Group financial statements comprise the Group and parent Company Income Statement, the Group and Parent Company Statement of Comprehensive Income, the Group and parent Company Statements of Financial Position, the Group and parent Company Statement of Changes in Equity, the Group and parent Company Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that are, in our judgement, likely to be most important to users' understanding of our audit.

Audit risk	How we responded to the risk
Revenue recognition The risk: There is a presumed risk that revenue may be misstated due to fraud because management could be under pressure to achieve planned levels of sales. We therefore identified revenue recognition as a significant risk requiring special audit consideration. The Group's accounting policies are included on page 43.	Our response: Our audit work included, but was not restricted to: • an assessment of the description and design effectiveness of controls in respect of revenue • an assessment of whether the revenue recognition policies adopted complied with International Accounting Standard (IAS) 18 'Revenue' • testing a sample of revenue transactions, covering both vehicle and non-vehicle sales, to determine whether the sale had been recorded in the correct period by reference to source documentation, and in respect of vehicles where the sale has been completed subject to the risks and rewards transferring to the buyer, that the vehicle had left Group premises • performing analytical procedures and identifying where trends fell outside of our expectations • agreeing recorded levels of manufacturer related income directly to manufacturer statements and subsequent payments • testing a sample of manual journals to identify unusual or irregular items and an assessment of the consistency of application of the revenue recognition policy.

Report of the Independent Auditor

Audit risk	How we responded to the risk
Vehicle inventory The risk: Included on the balance sheet of the Group is £31.9m of inventories of which £30.9m relates to vehicle inventory. This inventory is carried at the lower of cost and net realisable value, being fair value less cost to sell. Management assess the fair value of vehicle inventories using industry valuation data, based upon recent industry activity and forecasts. Given the significant level of vehicle inventories held, we have identified the recognition and measurement of vehicle inventories as a risk requiring special audit consideration. The Group's accounting policies are included on page 46. The Audit Committee also identified inventory valuation as an issue that it addressed specifically during the year, as noted in its report on page 15.	Our response: Our audit work included, but was not restricted to: • an assessment of the description and design effectiveness of control activities over the recognition and measurement of vehicle inventories • a review and challenge of management's assessment of the year end valuations which included comparing the carrying value of used vehicles against industry accepted valuation methodology using valuations provided by CAP Automotive Limited and also to a selection of post year end sales • attendance of an inventory count at the year end at eight of the 12 Group sites, at which we verified the existence of 100% of the vehicles held at the year end at these sites • testing a sample of the vehicles held at the four sites for which we did not attend an inventory count to verify the existence of the vehicle at the year end, agreeing items selected for testing through to supporting documentation.
Impairment of property The risk: As at 31 March 2015 the carrying amount of the net assets of the Group was more than its market capitalisation. Under IAS 36 'Impairment of Assets' this represents an indication that an asset may be impaired and therefore the directors are required to determine whether the value of group's assets, which predominantly relates to the group's property, is impaired. The process of determining fair value through a value in use calculation, the forecast cash flows related to cash generating units (CGUs) and the determination of the appropriate discount rate and other assumptions to be applied can be highly judgemental and can significantly impact the results of the impairment review. We therefore identified impairment of property as a significant risk requiring special audit consideration. The Group's accounting policies are included on pages 45 and 46.	Our response: Our audit work included, but was not restricted to: • obtaining management's assessment of the relevant cash generating units used in the impairment calculation and comparing those to our understanding of the business units and operating structure of the Group and recalculating the arithmetical accuracy of those calculations • agreeing property valuations utilised for the purposes of impairment assessment to third party valuation reports obtained by the Group and verifying the expertise of the third party valuation experts • testing and challenging the assumptions utilised in the impairment models, including growth rates, discount rates and terminal values • re-performing the sensitivity analysis performed by management in respect of the key assumptions such as discount and growth rates to ensure the assumptions were not aggressive • testing the accuracy of management's forecasting through a comparison of budget to actual data and historical variance trends.

Audit risk	How we responded to the risk
Defined benefit pension scheme The risk: The Group has a significant pension deficit on the balance sheet. The pension scheme is accounted for in accordance with IAS 19 'Employee Benefits'. The process to measure the amount of pension liability, including the determination of the appropriate timing of recognition, involves significant judgement as the valuation is subject to complex actuarial assumptions. We therefore identified the defined benefit pension scheme as a significant risk requiring special audit consideration The Group's accounting policies are included on page 44. The Audit Committee also identified pensions as an issue that it addressed specifically during the year, as noted in its report on page 15.	Our response: Our audit work included, but was not restricted to: • testing and challenging the appropriateness of the valuation methodologies and their inherent actuarial assumptions by benchmarking key assumptions to available market data such as discount rates, growth rates and mortality rates • evaluating the appropriateness of underlying data sent to the external actuary and agreeing asset values to investment manager statements • considering the appropriateness of the accounting treatment applied to the change of inflation assumption from RPI to CPI as described in note 20 of the financial statements.

Our application of materiality and an overview of the scope of our audit

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We determined materiality for the audit of the Group financial statements as a whole to be £133,000 (2014: £75,000), which is 5% (2014: 5%) of underlying profit before taxation, adjusted for certain non-underlying items which recur every year. This benchmark is considered the most appropriate because we consider this to be one of the principal considerations for members of the Company in assessing the financial performance of the Group. We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality for the audit of the group financial statements. We also determine a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the Audit Committee to be £6,700. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overview of the scope of our audit

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). Our responsibilities under those standards are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

The Group is made up of one operating Company, Caffyns Plc, and three dormant undertakings ('the Group'). We undertook an interim visit of the Group's head office in February 2015 to evaluate the Group's internal control environment, including IT systems. We evaluated controls over key financial systems identified as part of our risk assessment, reviewed the work undertaken by the internal audit function on controls relevant to our risk assessment, reviewed the accounts production process, addressed critical accounting matters and performed certain substantive procedures in advance of the year end.

We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

Report of the Independent Auditor

Other reporting required by regulations

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements; and
- the information given in the Statement On Corporate Governance set out on pages 12 to 16 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to report to you if:

- we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable; or
- the Annual Report does not appropriately disclose those matters that were communicated to the Audit Committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Statement on Corporate Governance has not been prepared by the company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 31, in relation to going concern; and
- the part of the Statement on Corporate Governance relating to the Company's compliance with the ten provisions of the UK Corporate Governance Code specified for our review.

Responsibilities for the financial statements and the audit

What an audit of financial statements involves:

- A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

What the directors are responsible for:

- As explained more fully in the Directors' Responsibilities Statement set out on page 32, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

What we are responsible for:

- Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Jonathan Maile
Senior Statutory Auditor
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Gatwick
3 June 2015

Income Statement

for the year ended 31 March 2015

Group and Company

	Note	Underlying £'000	Non-underlying (note 2) £'000	2015 £'000	Underlying £'000	Non-underlying (note 2) £'000	2014 £'000
Revenue	1	**210,314**	**–**	**210,314**	193,166	–	193,166
Cost of sales		**(185,207)**	**–**	**(185,207)**	(169,878)	–	(169,878)
Gross profit		**25,107**	**–**	**25,107**	23,288	–	23,288
Operating expenses							
Distribution costs		**(14,271)**	**–**	**(14,271)**	(12,759)	–	(12,759)
Administration expenses		**(7,139)**	**8,735**	**1,596**	(7,481)	(20)	(7,501)
Operating profit before other income	3	**3,697**	**8,735**	**12,432**	3,048	(20)	3,028
Other income (net)		**–**	**794**	**794**	–	–	–
Operating profit after other income		**3,697**	**9,529**	**13,226**	3,048	(20)	3,028
Finance expense	5	**(1,225)**	**(82)**	**(1,307)**	(882)	–	(882)
Finance expense on pension scheme	6	**–**	**(481)**	**(481)**	–	(580)	(580)
Net finance income		**(1,225)**	**(563)**	**(1,788)**	(882)	(580)	(1,462)
Profit before taxation		**2,472**	**8,966**	**11,438**	2,166	(600)	1,566
Income tax expense	7	**(318)**	**(1,865)**	**(2,183)**	(78)	(77)	(155)
Profit for the year from continuing operations attributable to shareholders of the Company		**2,154**	**7,101**	**9,255**	2,088	(677)	1,411
Earnings per share							
Basic	8			**335.5p**			51.0p
Diluted	8			**330.7p**			50.3p
Non GAAP measure							
Basic	8			**78.1p**			75.5p
Diluted	8			**77.0p**			74.4p

See accompanying notes to the financial statements.

Statement of Comprehensive Income

for the year ended 31 March 2015

Group and Company

	Note	2015 £'000	2014 £'000
Profit for the year		**9,255**	1,411
Other comprehensive income			
Items that will never be reclassified to profit and loss:			
Remeasurement of net defined benefit liability	20	**(2,766)**	2,515
Deferred tax on remeasurement	21	**553**	(912)
Total other comprehensive income, net of taxation		**(2,213)**	1,603
Total comprehensive income for the year		**7,042**	3,014

See accompanying notes to the financial statements.

Statements of Financial Position

at 31 March 2015

	Note	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Non-current assets					
Property, plant and equipment	11	**37,984**	37,637	**37,984**	37,637
Investment property	12	**–**	525	**–**	525
Goodwill	10	**286**	286	**286**	286
Deferred tax asset	21	**–**	676	**–**	676
Investment in subsidiary undertakings	13	**–**	–	**250**	250
		38,270	39,124	**38,520**	39,374
Current assets					
Inventories	14	**31,896**	26,853	**31,896**	26,853
Trade and other receivables	15	**8,164**	6,163	**8,164**	6,163
Cash and cash equivalents		**1,746**	949	**1,746**	949
		41,806	33,965	**41,806**	33,965
Total assets		**80,076**	73,089	**80,326**	73,339
Current liabilities					
Interest bearing loans and borrowings	16	**500**	1,000	**500**	1,000
Trade and other payables	18	**35,931**	29,496	**36,181**	29,746
Current tax payable		**446**	208	**446**	208
		36,877	30,704	**37,127**	30,954
Net current assets		**4,929**	3,261	**4,679**	3,011
Non-current liabilities					
Interest bearing loans and borrowings	16	**11,375**	11,875	**11,375**	11,875
Preference shares	22	**1,237**	1,237	**1,237**	1,237
Deferred tax liability	21	**705**	–	**705**	–
Retirement benefit obligations	20	**5,388**	11,360	**5,388**	11,360
		18,705	24,472	**18,705**	24,472
Total liabilities		**55,582**	55,176	**55,832**	55,426
Net assets		**24,494**	17,913	**24,494**	17,913
Capital and reserves					
Share capital	22	**1,439**	1,439	**1,439**	1,439
Share premium account		**272**	272	**272**	272
Capital redemption reserve		**282**	282	**282**	282
Non-distributable reserve		**1,724**	2,390	**1,724**	2,390
Other reserve	19	**81**	30	**81**	30
Retained earnings		**20,696**	13,500	**20,696**	13,500
Total equity attributable to shareholders of Caffyns plc		**24,494**	17,913	**24,494**	17,913

The financial statements were approved by the Board of directors and authorised for issue on 3 June 2015 and were signed on its behalf by:

R C Wright
Chairman
3 June 2015

M S Harrison
Director

See accompanying notes to the financial statements.

Company number: 105664

Statement of Changes in Equity

for the year ended 31 March 2015

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Non-distributable reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2014	1,439	272	282	2,390	30	13,500	17,913
Total comprehensive income							
Profit for the period	–	–	–	–	–	9,255	9,255
Other comprehensive income	–	–	–	–		(2,213)	(2,213)
Total comprehensive income for the year	–	–	–	–	–	7,042	7,042
Transactions with owners:							
Dividends	–	–	–	–	–	(517)	(517)
Issue of shares – SAYE scheme	–	–	–	–	–	5	5
Transfer	–	–	–	(78)	–	78	–
Realised surplus on disposal of land and buildings	–	–	–	(588)	–	588	–
Share-based payment	–	–	–	–	51	–	51
At 31 March 2015	**1,439**	**272**	**282**	**1,724**	**81**	**20,696**	**24,494**

for the year ended 31 March 2014

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Non-distributable reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2013	1,439	272	282	2,390	120	10,812	15,315
Total comprehensive income							
Profit for the period	–	–	–	–	–	1,411	1,411
Other comprehensive income	–	–	–	–	–	1,603	1,603
Total comprehensive income for the year	–	–	–	–	–	3,014	3,014
Transactions with owners:							
Dividends	–	–	–	–	–	(360)	(360)
Purchase of own shares	–	–	–	–	–	(386)	(386)
Issue of shares – SAYE scheme	–	–	–	–	–	292	292
Transfer – SAYE scheme (2010)					(128)	128	–
Share-based payment	–	–	–	–	38	–	38
At 31 March 2014	**1,439**	**272**	**282**	**2,390**	**30**	**13,500**	**17,913**

Cash Flow Statement

for the year ended 31 March 2015

Group and Company

	Note	2015 £'000	2014 £'000
Net cash inflow from operating activities	23	**3,041**	5,372
Investing activities			
Proceeds on disposal of property, plant and equipment		**2,295**	457
Purchases of property, plant and equipment		**(3,027)**	(7,460)
Net cash outflow from investing activities		**(732)**	(7,003)
Financing activities			
Secured loans repaid		**(500)**	(125)
Secured loans received		**–**	5,000
Purchase of own shares		**–**	(386)
Issue of shares – SAYE scheme		**5**	292
Dividends paid		**(517)**	(360)
Net cash (outflow)/inflow from financing activities		**(1,012)**	4,421
Net increase in cash and cash equivalents		**1,297**	2,790
Cash and cash equivalents at beginning of year		**449**	(2,341)
Cash and cash equivalents at end of year		**1,746**	449

	31 March 2015 £'000	31 March 2014 £'000
Cash and cash equivalents	**1,746**	949
Overdrafts	**–**	(500)
Net cash and cash equivalents	**1,746**	449

See accompanying notes to the financial statements.

Principal Accounting Policies

Basis of preparation and statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRSs"), International Financial Reporting Interpretations Committee ("IFRIC") and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below. The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based upon management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the directors in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 28.

Adoption of new and revised standards and new standards and interpretations not yet adopted

In the current year, the Group has adopted the following new standards and interpretations:

- IFRS 10 Consolidated Financial Statements: This standard provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC-12.
- IFRS 11 Joint Arrangements: This standard carves out from IAS 31 those cases in which there is a separate vehicle but that separation is overcome by form, contract or other facts and circumstances and removes the choice of equity or proportionate accounting for jointly controlled entities (as was under IAS 31).
- IFRS 12 Disclosure of Interests in Other Entities: Contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities.
- IAS 27 Separate Financial Statements 2011: IAS 27 (2011) carries forward the existing accounting and disclosure requirements for IAS 27 (2008) for separate financial statements, with some minor clarifications.
- IAS 28 Investments in Associates and Joint Ventures 2012: Amendments relating to held for sale interests and changes of classification.
- Amendments to IAS 32 and IFRS 7 for Offsetting Financial Assets and Financial Liabilities: Amendments to clarify offsetting criteria and specific disclosures.

The adoption of the new standards and amendments above have had no significant impact on the financial statements of the Company.

At the date of authorisation of the financial statements the following standards and interpretations, which have not been applied in these financial, were in issue but not yet effective.

- IAS 19: Defined Benefit Plans: Employee Contributions – this clarifies the treatment of contributions from employees or third parties.
- IFRS 15: Revenue from Contracts with Customers – introduces a five-step framework that is applied to all contracts with customers.
- IFRIC Interpretation 21 Levies – provides guidance on when to recognise a liability for a levy imposed by government.
- Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets – amends the disclosure requirements in IAS 36 Impairment of Assets with regard to the measurement of the recoverable amount of impaired assets.

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider appropriate for the reasons set out below.

The Company and the Group meet their day to day working capital requirements through short-term stocking loans and bank overdraft and medium-term revolving credit facilities. At the year-end the medium-term banking facilities included a revolving credit facility of up to £7.5m, renewable in September 2018, and short-term overdraft facilities of £10.5m of which £7.0m was renewed on 2 May 2014 and is currently being renegotiated in the normal course of business. The directors have every expectation that it will be renewed based on the current discussions with the bank. The other overdraft facility of £3.5m is renewable in August 2015. The Group also has a 10 year Term Loan with a balance outstanding at 31 March 2015 of £4.375m. In the opinion of the directors, there is a reasonable expectation that all facilities will be renewed. The overdraft and revolving credit facilities include certain covenant tests. The failure of a covenant test would render these facilities repayable on demand at the option of the lenders.

The directors have undertaken a detailed review of trading and cash flow forecasts for a period in excess of one year from the date of this Annual Report which projects that the facility limits are not exceeded over the duration of the forecasts. These forecasts have made assumptions in respect of future trading conditions, particularly volumes and margins of new and used car sales, aftersales and operational improvements together with the timing of capital expenditure. The forecasts take into account these factors to an extent which the directors consider to be reasonable, based on the information that is available to them at the time of approval of these financial statements. These forecasts indicate that the Group will be able to operate within the financing facilities that are available to it and meet the covenant tests with sufficient margin for reasonable adverse movements in expected trading conditions.

Information concerning the Group's liquidity and financing risk are set out on page 7 and note 17 to the financial statements.

The directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For those reasons, they continue to adopt the going concern basis in preparing this Annual Report.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year. All subsidiaries are currently dormant so the income, expenses and cash flows are the same for the Group and the Company.

The results of businesses and subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement using the acquisition method from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Acquisition

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill, which is allocated to Cash-Generating Units ("CGUs"). Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit or loss in the period of acquisition.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets acquired, and is tested annually for impairment. Any impairment is recognised immediately in the Income Statement and is not subsequently reversed. Gains and losses on subsequent disposal of the assets acquired include any related goodwill.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date and annually thereafter.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of motor vehicles, parts and accessories are recognised when the significant risks and rewards of ownership have been transferred to the buyer. In general this occurs when vehicles or parts are delivered to the customer and title has passed. Servicing sales are recognised on completion of the agreed work.

Bonuses receivable from manufacturers, which are principally based on meeting volume objectives, are recognised in the Income Statement when the relevant objectives have been satisfied.

Non-underlying items

Non-underlying items are those items that are unusual because of their size, nature or incidence. The Group's management considers that these items should be disclosed separately to enable a full understanding of the Group's operating results. Profits and losses on disposal of property, plant and equipment are also disclosed as non-underlying, as are certain redundancy costs and costs attributable to vacant properties held pending their disposal.

The net financing return and service

Principal Accounting Policies

cost on pension obligations in respect of the defined benefit pension scheme closed to future accrual is presented as a non-underlying item due to the volatility of this amount.

All other activities are treated as underlying.

Leasing

Lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the terms of the relevant lease.

Lessor

The Group leases certain properties under operating leases. Substantially all the risks and rewards of ownership are retained by the Group and the assets are stated at historical cost less depreciation. Provision for depreciation of all property, plant and equipment of the Group is made in equal annual instalments over their estimated useful lives.

Borrowing costs

All borrowing costs are recognised in the Income Statement in the period in which they are incurred unless the borrowing costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised.

Retirement benefit costs

The Group operates the "Caffyns Pension Scheme" which is a defined benefit pension scheme. The defined benefit scheme defines the amount of pension benefit that an employee will receive on retirement, dependent on one or more factors including age, years of service and salary. The scheme is closed to new members and to future accrual.

Under IAS 19 (Revised), the defined benefit deficit is included on the Group's Statement of Financial Position. Liabilities are calculated based on the current yields on high quality corporate bonds and on market conditions. Surpluses are only included to the extent that they are recoverable through reduced contributions in the future or through refunds from the scheme.

Remeasurement arising from experience adjustments and changes in actuarial assumptions are charged or credited, net of deferred tax, each year to reserves and shown in the Statement of Comprehensive Income.

An interest expense or income is calculated on the defined benefit liability or asset respectively by applying the discount rate to the net defined benefit liability or asset.

Plan amendment

As part of the 2014 funding valuation it was agreed that the inflation measure used to set in deferment and in payment increases for pensions in excess of the Guaranteed Minimum Pension would change from RPI to CPI for members (or dependants of members) who were in service on or after 1 April 1991. Having considered the requirements of IAS 19 "Defined benefit plans", the Directors have concluded that this change should be recorded as a plan amendment through the Income Statement. The change from RPI to CPI resulted in a gain in the Income Statement of £8,861,000.

The Group also provides pension arrangements for employees under defined contribution schemes. Contributions for these schemes are charged to the Income Statement in the year in which they are payable.

Share-based employee compensation

The Group operates an equity settled share-based compensation plan for all employees through the Company's SAYE scheme. All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share option awarded. Their fair value is appraised at the grant date. The vesting period from the date of grant is three years.

All share-based compensation is ultimately recognised as an expense in profit and loss with a corresponding credit to the 'other reserve', net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Service and performance vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Non-vesting conditions such as the employee's requirement to continue to save under the SAYE scheme, are taken into account when determining the fair value of the award. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally estimated. Failure by the employee to meet a non-vesting condition is treated as a cancellation.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Tax balances are not discounted.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of year accounting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each financial year-end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited within other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. The tax base of an item takes into account its intended method of recovery by either sale or use.

Property, plant and equipment

Land and buildings used in the business are stated in the Statement of Financial Position at cost, or deemed cost, being the open market value at 31 March 1995, for those properties acquired before that date.

Depreciation on buildings is charged to the Income Statement. On the subsequent sale of a property, the attributable surplus remaining in the non-distributable reserve is transferred directly to accumulated profits.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and attributable borrowing costs. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Properties are regarded as purchased or sold on the date on which contracts for the purchase or sale become unconditional. The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

Other assets are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost less residual values of assets, other than land and properties under construction, over their estimated useful lives using the straight-line method, on the following basis:

Freehold buildings – 50 years
Leasehold buildings – Period of lease
Plant and machinery, fixtures and fittings – 3 to 10 years

The leasehold land is accounted for as an operating lease.

The residual value of all assets, depreciation methods and useful economic lives, if significant, are reassessed annually.

Investment property

Investment property, which is property held to earn rentals and/or capital appreciation, is stated at cost less accumulated depreciation and impairment. Rental income from investment property is recognised on a straight-line basis over the term of the lease. Depreciation is charged so as to write off the cost less residual values of investment properties over their estimated useful lives using the straight-line method over 50 years.

Impairment

(a) Impairment of goodwill

Goodwill is tested annually for impairment. If an impairment provision is made, it cannot subsequently be reversed.

(b) Impairment of property, plant and equipment

At each financial year-end date the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the Cash-Generating Unit ("CGU") to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use.

Principal Accounting Policies

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash flows from other groups of assets. Management have determined that the CGUs of the Group are the individual dealerships for each franchise.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents the purchase price plus any additional costs incurred.

Vehicle stock includes service vehicles. Consignment vehicles are regarded as being effectively under the control of the Group and are included within inventories on the Statement of Financial Position as the Group has substantially all of the significant risks and rewards of ownership even though legal title may not yet have passed. The corresponding liability is included in trade and other payables. Parts inventories, in accordance with normal industry practice, are valued on the basis of replacement cost and are written down to net realisable value by providing for obsolescence on a time and stock-based formula approach.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing and selling.

Trade and other receivables

Trade receivables do not carry any interest and are stated at their fair value on initial recognition as reduced by appropriate allowances for estimated irrecoverable amounts and subsequently carried at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on-demand deposits. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts. Bank overdrafts are shown within interest bearing borrowings in current liabilities on the Statement of Financial Position.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are included at cost, less amounts written off if the investment is determined to be impaired, and are included in the parent Company's separate financial statements.

Interest bearing borrowings

Interest bearing bank loans and overdrafts are recorded at their fair value on initial recognition (normally the proceeds received less transaction costs that are directly attributable to the financial liability) and subsequently at amortised cost under the effective interest method. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

In the case of a debt renegotiation where the existing and new terms are substantially different, the exchange shall be accounted for as an extinguishment of the original financing liability and the fair value of the new financial liability is recognised in profit or loss. Any costs or fees incurred in the refinancing are recognised as part of the gain or loss on extinguishment. If an exchange is not accounted for as an extinguishment, any fees or costs incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Trade and other payables

Trade payables are not interest bearing and are stated at their fair value on initial recognition and subsequently carried at amortised cost.

Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Share premium includes any premium received on the sale of shares. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any income tax benefits.

Capital redemption reserve comprises the nominal value of Ordinary Share capital purchased by the Company and cancelled.

The 'Non-distributable reserve' within equity is a revaluation reserve which comprises gains and losses due to the revaluation of property, plant and equipment prior to 1995.

The 'Other reserve' comprises share-based payments made under the Group's SAYE scheme.

Retained earnings includes all current and prior period retained profits.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Preference shares

All the preference shares are accounted for as non-current liabilities, as they have the attributes of debt. Preference dividends are accounted for as finance charges within interest payable.

Financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Non-derivative financial instruments are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

A financial instrument is recognised if the Group becomes party to the contractual provisions of the instrument. Financial instruments are derecognised if the Group's contractual rights to the cash flows from the financial asset expire. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Notes to the Financial Statements

for the year ended 31 March 2015

1. General information

Caffyns plc is a Company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 11. Its revenue is attributable to the sole activity of operating as a motor retailer in the south east of the United Kingdom and comprises revenue from:

	2015 £'000	2014 £'000
Sale of goods	**201,933**	185,443
Rendering of services	**8,381**	7,723
	210,314	193,166

Based upon the management information reported to the Group's chief operating decision maker, the chief executive, in the opinion of the directors, the Company only has the one reportable segment. The Group is operated and managed on a dealership by dealership basis. These dealerships are considered to have similar economic characteristics and offer similar products and services to a similar customer base. As such, the results of each dealership have been aggregated to form one reportable segment. There are no major customers amounting to 10% or more of the Group's revenue. All revenue and non-current assets derive from, or are based in, the United Kingdom.

2. Non-underlying items

	2015 £'000	2014 £'000
Impairment of property, plant and equipment	**(20)**	–
Net profit on disposal of investment property	**431**	–
Net profit on disposal of property, plant and equipment	**383**	–
Other income (net)	**794**	–
Within operating expenses:		
Gain on change of service cost of defined benefit pension	**8,861**	–
Service cost on pension scheme	**(21)**	(20)
Losses incurred on closed businesses	**(66)**	–
Redundancy costs	**(39)**	–
	8,735	(20)
Interest on overdue taxation relating to prior years	**(82)**	–
Net finance income on pension scheme	**(481)**	(580)
Within net finance income	**(563)**	(580)
Total non-underlying items before taxation	**8,966**	(600)
Income tax expense – tax charge on non-underlying items	**(1,865)**	(77)
Total after tax	**7,101**	(677)

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

In respect of closed businesses in prior years, there is an impairment provision of £20,000 (2014: £nil) and costs incurred of £66,000 (2014: £nil). There were branch specific redundancy costs of £39,000 (2014: £nil).

2. Non-underlying items (continued)

The Group's investment property at Uckfield was sold for £950,000 in March 2015 and a profit on disposal of £431,000 recognised.

A freehold property in Lewes was sold in September 2014 for £858,000 giving rise to a net gain of £390,000 from which has been deducted other losses on disposal of plant and equipment of £7,000.

The net financing return and service cost on pension obligations in respect of the defined benefit scheme closed to future accrual is presented as a non-underlying item due to the volatility of this amount. Agreement has been reached with the trustees of the Group's defined benefit pension scheme that the inflation measure used in payment increases for pensions in excess of GMP would change from RPI to CPI for members (or dependants of members) who were in service on or after 1 April 1991. Having considered the requirements of IAS 19 'Employee benefits', this change has been recorded as a plan amendment through the Income Statement. The change from RPI to CPI resulted in a gain in the Income Statement of £8,861,000.

The interest on overdue taxation relates to the corporation tax due on a VAT repayment made to the Group in the year ended 31 March 2005. While the tax due has been the subject of dispute with HM Revenue and Customs, it has been provided for in the accounts but not paid. The tax due was paid in April 2015.

3. Operating profit

Operating profit has been arrived at after charging/(crediting):	**2015 £'000**	2014 £'000
Employee benefit expense (see note 4)	**14,841**	14,516
Depreciation of property, plant, equipment and investment property		
– owned assets	**1,080**	893
Impairment of property, plant and equipment	**20**	–
Net profit on disposal of property, plant and equipment including assets held for sale	**(814)**	(5)
Operating lease rentals payable		
– land and buildings	**503**	485
– plant and machinery	**14**	10
Operating lease rentals receivable		
– land and buildings	**(291)**	(278)

Operating profit has been arrived at after charging:	**2015 £'000**	2014 £'000
Auditor's remuneration		
– Fees payable to the Company's auditor for the audit of the Company's annual accounts	**69**	68
– Fees payable to the Company's auditor and its associates for other services:		
– Other services pursuant to legislation – Interim review	**12**	11
– Tax services (including compliance and VAT advice)	**21**	15
– Fees in respect of the audit of the Caffyns plc Pension Scheme	**9**	8
–- Other services	**10**	–
	121	102

A description of the work of the Audit Committee is set out in the Chairman's Statement on Corporate Governance on pages 12 to 16 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditor.

Notes to the Financial Statements

4. Employee benefit expense

The average number of people employed by the Group in the following areas was:

	2015 Number	2014 Number
Sales	**120**	115
Aftersales	**209**	207
Administration	**78**	78
	407	400

Employee benefit expense during the year including directors amounted to:	2015 £'000	2014 £'000
Wages and salaries	**12,838**	12,496
Social security costs	**1,299**	1,273
Redundancy costs	**39**	–
Contributions to defined contribution plans	**163**	147
Other pension costs (see note 20)	**502**	600
	14,841	14,516

Directors' emoluments were:	2015 £'000	2014 £'000
Salaries and short-term employee benefits	**858**	1,134
Pension to widow of former director	**5**	19
	863	1,153

Details of the directors' remuneration are provided in the Directors' Remuneration Report on pages 17 to 27.

5. Finance expense

	2015 £'000	2014 £'000
Interest payable on bank borrowings	**489**	299
Vehicle stocking plan interest	**509**	433
Financing costs amortised	**125**	48
Interest on overdue taxation (see note 2)	**82**	–
Preference dividends (see note 9)	**102**	102
Finance expense	**1,307**	882

Interest payable on bank borrowings is after capitalising interest on additions to freehold properties of £8,000 at a rate of 3.8% (2014: £90,000, rate: 3.5%) (see note 11).

6. Finance expense on pension scheme

	2015 £'000	2014 £'000
Defined benefit pension scheme net finance expense (see note 20)	**481**	580

7. Tax

	2015 £'000	2014 £'000
Current tax		
UK corporation tax	**(249)**	–
Deferred tax (see note 21)		
Origination and reversal of temporary differences	**(1,969)**	(351)
Adjustments recognised in the period due to change in rate of corporation tax	**–**	333
Adjustments recognised in the period for deferred tax of prior periods	**35**	(137)
Total	**(1,934)**	(155)
Total tax charged in the Income Statement	**(2,183)**	(155)

The tax charge arises as follows:		
On normal trading	**(318)**	(78)
Non-underlying (see note 2)	**(1,865)**	(77)
	(2,183)	(155)

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

	2015 £'000	2014 £'000
Profit before tax	**11,438**	1,566
Tax at the UK corporation tax rate of 21% (2014: 23%)	**(2,402)**	(360)
Tax effect of expenses that are not deductible in determining taxable profit	**(23)**	(9)
Change in rate of corporation tax in prior year from 23% to 20%	**–**	333
Accounting depreciation/impairment for which no tax relief is due	**(109)**	(88)
Difference between accounts profits and taxable profits on capital asset disposals	**126**	18
Movement in rolled over and held over gains	**190**	88
Adjustments to tax charge in respect of prior years	**35**	(137)
Tax charge for the year	**(2,183)**	(155)

Notes to the Financial Statements

7. Tax (continued)

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

	2015 £'000	2014 £'000
Total current tax charge	**(249)**	–
Deferred tax charge		
Charged in Income Statement	**(1,934)**	(155)
Credited/(charged) against other comprehensive income	**553**	(912)
Total deferred tax charge	**(1,381)**	(1,067)
Total tax charge for the year	**(1,630)**	(1,067)

Factors affecting the future tax charge

The Company has unrelieved advance corporation tax of approximately £1.14m (2014: £1.14m) which is available to be utilised against future mainstream corporation tax liabilities and is accounted for in deferred tax (see note 21).

The tax charge is increased by non-deductible expenses including the impairment of property, plant and equipment and non-qualifying depreciation.

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 post-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:

	Adjusted		Basic	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Profit before tax	**11,438**	1,566	**11,438**	1,566
Adjustments:				
Non-underlying items (note 2)	**(8,966)**	600	**–**	–
Adjusted profit before tax	**2,472**	2,166	**11,438**	1,566
Taxation	**(318)**	(78)	**(2,183)**	(155)
Earnings	**2,154**	2,088	**9,255**	1,411
Earnings per share	**78.1p**	75.5p	**335.5p**	51.0p
Diluted earnings per share	**77.0p**	74.4p	**330.7p**	50.3p

The number of fully paid ordinary shares in circulation at the year end was 2,758,733 (2014: 2,757,213). The weighted average shares in issue for the purposes of the earnings per share calculation were 2,757,527 (2014: 2,766,903). The shares granted under the Company's SAYE scheme are dilutive. The weighted average number of dilutive shares under option at fair value was 41,169 (2014: 37,808) giving a total diluted weighted average number of shares of 2,798,696 (2014: 2,804,711).

9. Dividends

Paid

	2015 £'000	2014 £'000
Preference		
6.5% Cumulative First Preference	**25**	25
10% Cumulative Preference	**65**	65
6% Cumulative Second Preference	**12**	12
Included in finance expense (see note 5)	**102**	102
Ordinary		
Interim dividend paid in respect of the current year of 6.75p (2014: 6.0p)	**186**	166
Final dividend paid in respect of the March 2014 year end of 12.0p (2013: 7.0p)	**331**	194
	517	360

Proposed

In addition, the directors are proposing a final dividend in respect of the year ended 31 March 2015 of 13.5p per share which will absorb £372,000 of shareholders' funds (2014: 12.0p per share absorbing £331,000). The proposed final dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements.

10. Goodwill

Group and Company	2015 £'000	2014 £'000
Cost		
At 1 April 2014 and 31 March 2015	**481**	481
Provision for impairment		
At 1 April 2014 and 31 March 2015	**195**	195
Carrying amounts:		
Volkswagen, Brighton	**200**	200
Audi, Eastbourne	**86**	86
At 31 March 2015	**286**	286

Notes to the Financial Statements

11. Property, plant and equipment

Group and Company	Freehold property £'000	Leasehold property £'000	Fixtures & fittings £'000	Plant & machinery £'000	Total £'000
Cost or deemed cost					
At 1 April 2013	31,422	975	3,946	4,894	41,237
Additions at cost	6,259	38	755	409	7,461
Disposals	–	(326)	(179)	(59)	(564)
At 31 March 2014	37,681	687	4,522	5,244	48,134
Cost or deemed cost					
At 1 April 2014	37,681	687	4,522	5,244	48,134
Additions at cost	2,412	3	490	122	3,027
Disposals	(1,623)	–	(216)	(161)	(2,000)
At 31 March 2015	**38,470**	**690**	**4,796**	**5,205**	**49,161**
Accumulated depreciation					
At 1 April 2013	2,762	404	3,079	3,919	10,164
Charge for the year	319	61	278	232	890
Disposals	–	(326)	(175)	(56)	(557)
At 31 March 2014	3,081	139	3,182	4,095	10,497
Accumulated depreciation					
At 1 April 2014	3,081	139	3,182	4,095	10,497
Charge for the year	458	61	331	224	1,074
Impairment	–	–	–	20	20
Disposals	(134)		(179)	(101)	(414)
At 31 March 2015	**3,405**	**200**	**3,334**	**4,238**	**11,177**
Net book amount					
At 31 March 2015	**35,065**	**490**	**1,462**	**967**	**37,984**
At 31 March 2014	34,600	548	1,340	1,149	37,637
At 31 March 2013	28,660	571	867	975	31,073

Short-term leasehold property comprised £490,000 at net book value in the Statement of Financial Position (2014: £548,000) in both the Company and the Group.

The depreciation charge in respect of property, plant and equipment is recognised within administration expenses within the Income Statement.

Additions to freehold property includes interest capitalised of £8,000 (2014: £90,000) (see note 5).

Future capital expenditure which has been contracted for but not yet provided in the financial statements was £28,000 (2014: £169,000).

11. Property, plant and equipment (continued)

Valuations

The freehold properties were revalued externally at 31 March 1995 by Lambert Smith Hampton, Chartered Surveyors, at open market value for existing use (which is close to the then fair value). Freehold properties acquired since that date and the other assets listed above are stated at cost in accordance with IAS 16.

Freehold property is included as follows:	Group and Company	
	2015 £'000	2014 £'000
Valuation – March 1995, less depreciation	**3,388**	4,719
At cost, less depreciation	**31,677**	29,881
Deemed cost, less depreciation at the year end	**35,065**	34,600
At historic cost	**33,341**	32,210

The Company valued its portfolio of freehold premises as at 31 March 2015 but excluding four sites which were either for sale or letting as at that date. The valuation was carried out by CBRE Limited, Chartered Surveyors, on the basis of existing use value. The excess of the valuation over net book value as at 31 March 2015 of those sites valued was £8.49m. In accordance with the Company's accounting policies, this surplus has not been incorporated into the accounts.

Depreciation is being charged on the value of freehold buildings of £23,125,000 (2014: £16,103,000). The balance relates to freehold land, which is not depreciated.

For the purposes of impairment testing, the directors recognise the Group's Cash Generating Units ("CGUs") to be a single dealership. The recoverable amount of each CGU is based on the higher of its realisable value and value in use. The realisable value of each CGU is based upon the market value of any property contained within it and is determined by an independent valuer as described in the above note. The value in use is calculated using Board approved budgeted projections for 2015/16. These projections take into account management estimates of future trading including past experience and industry expectations. They are extrapolated over an additional four years assuming no growth in profits and an estimate of each CGU's terminal value, discounted using a pre-tax discount rate of 11.3%. While it is anticipated that the units will grow revenues in the future, for the purposes of impairment testing, no growth has been assumed beyond the period covered by the budget of one year. The pre-tax discount rate of 11.3% applied in determining the value in use of the CGUs reflects the current market assessment of the time value of money and the risks specific to each CGU, which is estimated to be equivalent to the weighted average cost of capital to the Group.

The two key assumptions made by the Directors are the discount rate used and profitability rates beyond the business plan. Neither a 1% increase in the discount rate or a 10% reduction in operating profit would result in any impairment being required.

12. Investment property

Group and Company	**2015 £'000**	2014 £'000
Cost		
At 31 March 2014	**608**	608
Disposal	**(519)**	–
Accumulated depreciation	**(89)**	(83)
At 31 March 2015	**–**	525

Notes to the Financial Statements

13. Investments in subsidiary undertakings

The Company owns the whole of the issued ordinary share capital of Caffyns Wessex Limited, Caffyns Properties Limited and Fasthaven Limited, all of which are now dormant. The amount at which the investments are stated is equivalent to the net assets of the subsidiaries. All subsidiary undertakings are registered in England and Wales.

	Company £'000
Cost	
At 31 March 2015 and at 31 March 2014	476
Provision	
At 31 March 2015 and at 31 March 2014	226
Net book amounts	
At 31 March 2015 and at 31 March 2014	**250**

14. Inventories

Group and Company	2015 £'000	2014 £'000
Vehicles	**20,392**	16,746
Vehicles on consignment	**10,541**	9,293
Oil, spare parts and materials	**960**	808
Work in progress	**3**	6
	31,896	26,853
Inventories recognised as an expense during the year	**187,496**	171,725
Inventories stated at fair value less costs to sell	**834**	686
Carrying value of inventories subject to retention of title clauses	**19,260**	16,863

All vehicle stocks held under consignment stocking agreements are deemed to be assets of the Group and are included on the Statement of Financial Position from the point of consignment. The corresponding liabilities to the manufacturers are included within trade and other payables. Stocks are held on consignment for a maximum consignment period of 365 days. Interest is payable in certain cases for part of the consignment period, at various rates linked to the Finance House Base Rate.

During the year £29,000 was recognised in respect of the write down of vehicle parts inventories due to general obsolescence (2014: £15,000).

15. Trade and other receivables

Group and Company	2015 £'000	2014 £'000
Trade receivables	**6,958**	5,051
Allowance for doubtful debts	**(3)**	(12)
	6,955	5,039
Other receivables	**1,209**	1,124
	8,164	6,163

All amounts are due within one year.

The Group makes an impairment provision for all debts that are considered unlikely to be collected. At 31 March 2015 trade receivables are shown net of an allowance for impairment of £3,000 (2014: £12,000). The charge recognised during the year was £1,000 (2014: £8,000).

Trade receivables have been classified as loans and receivables under IAS 39.

	2015 £'000	2014 £'000
Not impaired:		
Neither past due nor impaired	**6,785**	4,805
Past due up to 3 months but not impaired	**170**	234
	6,955	5,039

	2015 £'000	2014 £'000
The movement in the allowance for impairment during the year was:		
Balance at 1 April	**12**	34
Impairment recognised in income statement	**1**	8
Utilisation	**(10)**	(30)
Balance at 31 March	**3**	12

All amounts are due within one year.

Credit risk

The Company's principal financial assets are bank balances and cash, trade receivables, which represent the Company's maximum exposure to credit risk in relation to financial assets.

The Company's credit risk is primarily attributable to its trade receivables which are all due on presentation of the invoice. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and their assessment of the current economic environment. Consequently the directors consider that the carrying amount of trade and other receivables approximates their fair value.

Before granting any new customer credit terms, the Group uses external credit agencies to assess the new customer's credit quality and defines credit limits by customer. These credit limits and creditworthiness are regularly reviewed. The concentration of credit risk is limited due to the customer base being large and unrelated. The Group has no customer that represents more than 5% of the total balance of trade receivables.

Notes to the Financial Statements

16. Interest bearing loans and borrowings

Group and Company

Current liabilities	2015 £'000	2014 £'000
Secured bank loans/overdrafts	**500**	1,000
Non-current liabilities		
Secured bank loans	**11,375**	11,875

Note 17 sets out the maturity profile of non-current liabilities.

The directors estimate that there is no material difference between the fair value of the Company's borrowings and their book value.

The loan and overdraft facilities provided to the Company of £22.375m (2014: £22.875m) are secured by a general debenture and fixed charges over certain freehold properties.

17. Financial instruments

The Group utilises financial instruments such as bank loans and overdrafts and new and used vehicle stocking loans in order to finance its operations and to manage the interest rate and liquidity risks that arise from those operations and from its sources of finance. The disclosures below apply to the Group and the Company unless otherwise noted.

Group		2015 Carrying value & fair value £'000	2014 Carrying value & fair value £'000
Fair value of financial assets and liabilities			
Primary financial instruments held or issued to finance the Group's operations:	Classification		
Long-term borrowings (note 16)	Financial liability measured at amortised cost	**(11,375)**	(11,875)
Short-term borrowings (note 16)	Financial liability measured at amortised cost	**(500)**	(1,000)
Trade and other payables (note 18)	Financial liability measured at amortised cost	**(34,271)**	(28,534)
Trade and other receivables (note 15)	Loans and receivables	**8,164**	6,163
Cash and cash equivalents	Loans and receivables	**1,746**	949
Preference share capital (note 22)	Financial liabilities at amortised cost	**(1,237)**	(1,237)
The amounts noted in the above table are the same for the Company apart from:			
Trade and other payables (note 18)	Financial liability measured at amortised cost	**(34,059)**	(28,784)

17. Financial instruments (continued)

Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- Funding and liquidity risk – the risk that the Group will not be able to meet its obligations as they fall due.
- Credit risk – the risk of financial loss to the Group on the failure of a customer or counterparty to meets its obligations as they fall due.
- Market risk – the risk that changes in market prices such as interest rates have on the Group's financial performance.

The Group manages credit and liquidity risk by particularly focusing on working capital management. The Group's quantitative exposure to these risks is explained throughout these financial statements whilst the Group's objectives and management of these risks is set out below.

Capital management

The Group views its financial capital resources as primarily comprising share capital, bank loans and overdrafts, vehicle stocking credit lines and operating cash flow.

The Board's policy is to maintain a strong capital base to maintain market confidence and safeguard the Group's ability to continue as a going concern whilst maximising the return on capital to the Group's shareholders. The Group monitors its capital through closely monitoring and reviewing its cash flows. The capital of the Group is £24,494,000 and comprises share capital, share premium, retained earnings and minor reserve accounts: the capital redemption reserve, the non-distributable reserve and the other reserve. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to holders of Ordinary Shares, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's net bank loans and overdrafts/equity ratio was 41% at 31 March 2015 (2014: 67%). Capital requirements imposed externally by the Group's bankers are that bank borrowings should not exceed 80% of the current value of the Group's freehold properties which are subject to a fixed charge. The underlying pre-tax return on equity for the year was 10.1% (2014: 12.1%).

The Group has occasionally repurchased its own shares in the market and cancelled them in order to promote growth in earnings per share. There is no predetermined plan for doing this although the Group has permission from shareholders to buy back up to 15% of its equity at any one time. The Group may also purchase its own shares in order to satisfy share incentives issued to employees of the Group and these shares are then held as treasury shares.

Treasury policy and procedures

The Company's activities expose it primarily to the financial risks of changes in interest rates. There are no fixed rate borrowings other than preference shares.

Funding and liquidity risk management

The Group finances its operations through a mixture of retained profits and borrowings from banks, vehicle stocking credit lines and operating cash flow. The Group's policy is to maintain a balance between committed and uncommitted facilities and between term loans and overdrafts. Facilities are maintained at levels in excess of planned requirements and at 31 March 2015 the Group had undrawn floating rate borrowing facilities of £14.75m (2014: £10.95m) represented by overdrafts which would be repayable on demand, in respect of which all conditions precedent had been met. The Group is not exposed to foreign currency risk.

Notes to the Financial Statements

17. Financial instruments (continued)

Interest rate management

The objective of the Group's interest rate policy is to minimise interest costs while protecting the Group from adverse movements in interest rates. Borrowings at variable rates expose the Group to cash flow interest rate risk whereas borrowings at fixed rates expose the Group to fair value interest rate risk. The Company does not currently hedge any interest rate risk.

Interest rate risk sensitivity analysis

As all of the Group's borrowings and vehicle stocking credit lines are floating rate instruments, they therefore have a sensitivity to changes in market rates of interest. The effect of a 100 basis points change in interest rates for floating rate instruments outstanding at the period end on the assumption that the instruments at the period end were outstanding for the entire period, would change interest charges by £101,000 (2014: £114,000) before tax relief.

Credit risk management

The Group's receivables are all denominated in sterling. The Group is exposed to credit risk primarily in respect of its trade receivables and financial assets. Trade receivables are stated net of provision for estimated impairment losses. Exposure to credit risk in respect of trade receivables is mitigated by the Group's policy of only granting credit to certain customers after an appropriate evaluation of credit risk. Credit risk arises in respect of amounts due from manufacturers in relation to bonuses and warranty receivables. This risk is mitigated by the range of manufacturers dealt with, the Group's procedures in effecting timely collection of amounts due and management's belief that it does not expect any manufacturer to fail to meet its obligations. Finance assets comprise cash balances. The counterparties are major banks and management does not expect any counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of the financial asset in the Statement of Financial Position.

These objectives, policies and strategies are consistent with those applied in the previous year.

Cash and cash equivalents

	Carrying value & fair value 2015 £'000	Carrying value & fair value 2014 £'000
Bank balances and cash equivalents	**1,746**	949

Borrowings

All borrowings are denominated in sterling. The effective interest rates for all borrowings are based on bank base rates. Information regarding classification of balances and interest and the range of interest rates applied in the year to 31 March 2015 is set out in the following table:

	Carrying value & fair value £'000	Classification	Interest classification	Interest rate range
Current: within one year or on demand				
Term loan	**500**	Amortised cost	Floating	FHBR* + 1.75%

* Finance House Base Rate

17. Financial instruments (continued)

	Carrying value & fair value £'000	Classification	Interest classification	Interest rate range
Not repayable within one year				
Term loan	**3,875**	Amortised cost	Floating	FHBR* + 1.75%
Revolving credit facility	**7,500**	Amortised cost	Floating	LIBOR + 1.80%
Preference share capital	**1,237**	Amortised cost	Fixed	6.5% to 10.0%

* Finance House Base Rate

The maturity of non-current borrowings is as follows:

	2015 £'000	2014 £'000
Between one and two years	**1,000**	8,000
Between two and five years	**9,000**	2,000
Over five years	**3,112**	3,112
	13,112	13,112

Maturities include amounts drawn under revolving credit facilities which can be drawn in whole or part at any time and will continue until September 2018. The maturities above therefore represent the final repayment dates for these facilities as at 31 March. If the amounts drawn at the year-end were redrawn at the Group's usual practice of three monthly drawings, the total cash outflows, assuming interest rates remain at the same rates as at the year end, are estimated on an undiscounted basis as follows:

	2015 £'000	2014 £'000
Within 6 months	**124**	122
6-12 months	**124**	122
More than 12 months	**8,121**	7,503
Contractual cash flows	**8,369**	7,747

The Group's revolving credit facility of £7.5m, which was renegotiated during the year, expires in September 2018. It also has £10.5m of overdraft facilities and these facilities are normally renewed annually. Of these facilities, £7.0m was renewed in May 2014 and is currently being renegotiated in the normal course of business and the directors have every expectation that it will be renewed based on the current discussions with the bank. The directors consider that the balance of £3.5m will be renewed in August 2015. The loan carries a rate of interest of 2.75% above LIBOR, the revolving credit facility 1.8% above LIBOR and the overdrafts are at a rate of interest of 1.95% above bank base rate and 1.75% above Finance House Base Rate.

The facilities are subject to covenants tested half yearly with respect to debt/freehold property and interest cover. No reduction in facilities is expected to apply consequent to the trading results for the year ended 31 March 2015. The Group has granted security by way of a general debenture over its assets and a fixed charge over certain freehold properties. The value of those assets at 31 March 2015 in the Statement of Financial Position was £65.7m (2014: £57.7m). The ongoing costs associated with the bank facilities are included in finance expense (see note 5).

The preference shares in issue do not have a maturity date as they are non-redeemable.

Notes to the Financial Statements

18. Trade and other payables

	2015 £'000	2014 £'000
Trade payables	**14,177**	12,300
Obligations relating to consignment stock	**10,541**	9,293
Manufacturer funding	**7,616**	4,456
Social security and other taxes	**1,660**	962
Accruals	**1,763**	2,395
Other creditors	**174**	90
Group total	**35,931**	29,496
Amounts owed to Group undertakings	**250**	250
Company total	**36,180**	29,746

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 25 days (2014: 22 days).

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

The obligations relating to consignment stock are all secured on the assets to which they relate. From a risk perspective, our funding is split between manufacturers through their related finance arms and that funded by ourselves through bank borrowings.

Financing for used car stock other than through bank borrowings is shown above as manufacturer funding.

19. Share-based payments

SAYE scheme

Year of grant	Exercise price	Exercise date	Number at 31 March 2014	Exercised	Cancelled	Number at 31 March 2015
2013	£3.12	2016	117,328	(1,520)	(5,576)	**110,232**

The fair value of the grants made under the SAYE scheme is charged to the Income Statement over the vesting period based on the valuation derived from an adjusted Black-Scholes model.

The total expense included within operating profit relating to the share-based payments for the year was £51,000 (2014: £38,000), with an associated tax credit to the Income Statement and Equity in 2015 of £10,000 (2014: £8,000).

20. Retirement benefit scheme

Group and Company

Description of scheme

The Company operated a pension scheme, the Caffyns Pension Scheme ("CPS"), providing benefits based on final pensionable pay until 31 March 2006.

With effect from 1 April 2006, the scheme closed to new entrants and all members in the final salary section were transferred to the career average section for future service and certain benefits were reduced. Depending upon the proportion of pensionable pay purchased, the Company contribution rates varied between 4% and 15%. The scheme closed to future accrual with effect from 1 April 2010.

20. Retirement benefit scheme (continued)

The assets of the CPS, administered by Capita Employee Benefits Limited, are held separately from those of the Company, being held in separate funds by the Trustees of the CPS. The scheme has been registered with the Registrar of Pensions. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 31 March 2014.

The scheme exposes the Group to actuarial risks such as:

Interest rate risk
The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of corporate bonds whereas the scheme holds a mixture of investments. A decrease in market yield on high quality corporate bonds will increase the Group's defined benefit liability, although it is expected that this would be offset partially by an increase in the fair value of certain of the plan assets.

Investment risk
The plan assets at 31 March 2015 are predominantly equity, government and corporate bonds. The reinvestment in Diversified Funds is intended to reduce risk while maintaining planned returns.

Longevity risk
The Group is required to provide benefits for life for the members of the defined benefit liability. Increase in the life expectancy of the members will increase the defined benefit liability.

Inflation risk
A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's liability. A portion of the plan assets are inflation-linked debt securities which will mitigate some of the effects of inflation.

The Group has applied IAS 19 (Revised) to this scheme and the following disclosures relate to this standard. The Group recognises any remeasurement (actuarial gains and losses) in each period in the Statement of Comprehensive Income.

Results of most recent actuarial valuation

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the long-term investment returns would be 5.3% per annum, that there would be no salary increases following closure of the scheme to future accrual, and that present and future pensions would increase at the rate of 3.30% per annum for pension accrued before 1 April 2006 and 2.40% thereafter. The last actuarial valuation as at 31 March 2014 showed that the market value of the CPS assets was £78.4m and that the actuarial value of those assets represented 89% of the value of the benefits that had accrued to employees at that date. The deficit arising of £9.8m compared to a deficit of £11.4m under IAS 19 at 31 March 2014 and is due to different assumptions being adopted for the triennial valuation. In particular, the triennial valuation assumed that future increases in pension payments were based upon the increase of the Consumer Prices Index and not the Retail Prices Index whereas the IAS 19 valuation as at 31 March 2014 did not reflect this change. The IAS 19 valuation as at 31 March 2015 does, however, reflect this change (see note 2). The payments agreed with the trustees of the CPS under the Recovery Plan are for cash payments to be made in the year ending 31 March 2015 of £300,000 increasing annually from 1 April 2016 by 2.25% per annum until 31 July 2028.

Notes to the Financial Statements

20. Retirement benefit scheme (continued)

Costs and liabilities of the scheme are based on actuarial valuations. The latest full actuarial valuations carried out at 31 March 2014 were updated to 31 March 2015 by Towers Watson, qualified independent actuaries, for the requirements of IAS 19. Details of the actuarial assumptions are as follows:

	2015 %	2014 %
Pension accrued before 1 April 2006	**3.00**	3.00
Pension accrued after 1 April 2006	**2.00**	2.00
Discount rate	**3.30**	4.30
Inflation (2015: CPI, 2014: RPI)	**1.70**	3.20
Rate of increase for deferred pensioners	**3.20**	3.30

The discount rate adopted is based upon the yields on high quality corporate bonds of appropriate duration.

The sensitivities regarding the principal assumptions used to measure scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.1%	+/-£1.4m
Rate of inflation	Increase/decrease by 0.1%	+/-£1.2m
Pension increases	Increase/decrease by 0.1%	+/-£0.8m
Mortality	Increase/decrease of 1 year	+/-£3.0m

	Market value	
	2015 £'000	2014 £'000
The fair value of assets of the scheme on each class of assets, all of which have a quoted market price in an active market, are:		
Diversified Fund*	**33,490**	29,824
Dynamic Asset Allocation Fund**	**29,504**	27,913
Equity instruments	**684**	719
Bonds	**4,453**	3,888
Gilts	**17,700**	15,834
	85,831	78,178

* The typical split of assets within the Diversified Fund is 41% in equity securities, 21.5% in corporate bonds, 13% in government bond securities and 24.5% in alternative securities.

** The split of assets in the Dynamic Asset Allocation Fund was 58% in equities, 14% in government bond securities, 5% in cash equivalent securities, 6% in property securities and 17% in alternative securities.

The overall expected return on assets previously reflected the directors' long-term view of future returns taking into account market conditions at the year end and asset allocation of the scheme. As a result of the introduction of IAS 19 (2011), the expected return on assets is to be based on the discount rate noted above of 3.3% and not the return on the underlying portfolio of investments. Consequently, the charge to the Income Statement for the year ending 31 March 2016 is expected to be approximately £215,000 (2015: £502,000).

Equity instruments include shares in Caffyns plc, which are detailed in note 22.

The assumptions used by the actuary are the best estimates based on market conditions chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice. The IAS assumptions have been updated at 31 March 2015 and differ from those used for the earlier independent statutory actuarial valuation explained above.

20. Retirement benefit scheme (continued)

Mortality assumptions

Life expectancy at age 65 (in years):	2015 Male	2015 Female	2014 Male	2014 Female
Member currently aged 65	**23.1**	**24.8**	22.7	24.4
Member currently aged 45	**24.8**	**26.7**	24.1	25.9

A liability is included in the Statement of Financial Position under non-current liabilities.

Analysis of the movement in the net liability for defined benefit obligations recognised in the statement of financial position

	2015 £'000	2014 £'000
At 1 April	**(11,360)**	(13,641)
Income/(expense) recognised in the Income Statement	**8,359**	(600)
Contributions received	**379**	366
Net remeasurement recognised in other comprehensive income	**(2,766)**	2,515
At 31 March	**(5,388)**	(11,360)

Total expense recognised in Income Statement

	2015 £'000	2014 £'000
Interest cost	**3,754**	3,870
Interest on scheme assets	**(3,273)**	(3,290)
Interest – net (see note 6)	**481**	580
Current service cost	**21**	20
Past service cost*	**(8,861)**	–
At 31 March	**(8,359)**	600

* Plan amendment

As part of the 2014 funding valuation it was agreed that the inflation measure used to set in deferment and in payment increases for pensions in excess of GMP would change from RPI to CPI for members (or dependants of members) who were in service on or after 1 April 1991. The Directors have recorded this change as a plan amendment through the Income Statement. The change from RPI to CPI resulted in a gain in the Income Statement of £8,861,000.

Changes in the present value of defined benefit obligation

		2015 £'000	2014 £'000
At 1 April		**89,538**	91,892
Service cost		**(8,840)**	20
Interest cost		**3,754**	3,870
Actuarial (gain)/losses	– experience	**210**	–
	– demographic assumptions	**1,351**	(32)
	– financial assumptions	**9,696**	(2,377)
Benefits paid		**(4,490)**	(3,835)
At 31 March		**91,219**	89,538

Notes to the Financial Statements

20. Retirement benefit scheme (continued)

Movement in the fair value of scheme assets

	2015 £'000	2014 £'000
At 1 April	**78,178**	78,251
Interest income	**3,273**	3,290
Actuarial gains – financial assumptions	**8,491**	106
Contributions from the Company	**379**	366
Benefits paid	**(4,490)**	(3,835)
At 31 March	**85,831**	78,178

The best estimate of contributions payable by the Group in the year ending 31 March 2016 is £342,000. In addition, the Company is expected to meet the cost of administrative expenses and Pension Protection Levies (see note 24(c)). Expected benefit payments in the year to 31 March 2016 are £4.3m.

The liabilities of the CPS are based on the current value of expected benefit payment cash flows to members of the scheme over the next 70 to 80 years. The average duration of the liabilities is approximately 16 years.

Reconciliation of the impact of the asset ceiling

The Company has reviewed the implications of the guidance by IFRIC 14 and has concluded that it is not necessary to make adjustments to the IAS 19 figures at 31 March 2015 as any surplus would be available to the Company unconditionally by way of a refund assuming the gradual settlement of plan liabilities over time until all members had left the plan.

21. Deferred tax

Group and Company

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

	Accelerated tax depreciation £'000	Unrealised capital gains £'000	Retirement benefit obligations £'000	Losses £'000	Short-term temporary differences £'000	Recoverable ACT £'000	Total £'000
At 1 April 2013	(1,300)	(1,546)	3,137	286	28	1,138	1,743
Adjustment due to change in rate of corporation tax	169	202	(409)	(38)	–	–	(76)
Prior year adjustments	–	(326)	–	189	–	–	(137)
(Charge)/credit to income	(122)	60	47	(314)	(22)	–	(351)
Recognised in other comprehensive income	–	–	(503)	–	–	–	(503)
At 31 March 2014	**(1,253)**	**(1,610)**	**2,272**	**123**	**6**	**1,138**	**676**
At 1 April 2014	(1,253)	(1,610)	2,272	123	6	1,138	676
Prior year adjustments	–	(16)	–	51	–	–	35
(Charge)/credit to income	(123)	65	(1,747)	(174)	10	–	(1,969)
Recognised in other comprehensive income	–	–	553	–	–	–	553
At 31 March 2015	**(1,376)**	**(1,561)**	**1,078**	**–**	**16**	**1,138**	**(705)**

21. Deferred tax (continued)

The Group carries a balance of surplus unrelieved advanced corporation tax ('ACT') which can be utilised to reduce corporation tax payable subject to a restriction to 20% of taxable profits less shadow ACT calculated at 25% of 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. The carrying value of surplus ACT is £1,138,000 (2014: £1,138,000) and shadow ACT is £1,068,000 (2014: £1,365,000).

Deferred income 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:

	2015 £'000	2014 £'000
Deferred tax liabilities	**(2,937)**	(2,863)
Deferred tax assets	**2,232**	3,539
	(705)	676

The unrealised capital gains includes 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.

Taxable trading losses amounting to £nil (2014: £0.6m) are available for use in future periods.

22. Called up share capital

	2015 £'000	2014 £'000
Authorised		
500,000 6.5% Cumulative First Preference Shares of £1 each	**500**	500
1,250,000 10% Cumulative Preference Shares of £1 each	**1,250**	1,250
3,000,000 6% Cumulative Second Preference Shares of 10p each	**300**	300
4,000,000 Ordinary Shares of 50p each	**2,000**	2,000
	4,050	4,050
Allotted, called up and fully paid		
389,000 6.5% Cumulative First Preference Shares of £1 each	**389**	389
648,000 10% Cumulative Preference Shares of £1 each	**648**	648
2,000,000 6% Cumulative Second Preference Shares of 10p each	**200**	200
Total preference shares recognised as a financial liability (see note below)	**1,237**	1,237
2,879,298 (2014: 2,879,298) Ordinary Shares of 50p each	**1,439**	1,439
	2,676	2,676

There were no purchases of Ordinary Shares for holding as Treasury shares during the year (2014: 93,722). During the year 1,520 Ordinary Shares (2013: 82,521 Ordinary Shares) were issued from Treasury shares to employees who are entitled to take up their allocation having left the Company's employment and £5,000 was received (2013: £289,000). At 31 March 2015, 120,565 Ordinary Shares were held as Treasury shares at a cost of £512,000. Treasury shares represent shares in the Company which are held by the Company for the purpose of fulfilling the requirements of the Company's SAYE scheme for eligible employees. The market value of these shares at 31 March 2015 was £651,000. Dividend income from, and voting rights on, the shares held by the Trust have been waived.

The 6.5% Cumulative First Preference Shares and the 10% Cumulative Preference Shares have rights to a fixed dividend and, in the event of a winding-up, a preference to the Ordinary Shares for a capital repayment. The shares do not have voting rights unless the dividend is more than six months in arrears.

Notes to the Financial Statements

22. Called up share capital (continued)

The 6% Cumulative Second Preference Shares have identical rights to the other classes of preference shares except that they have voting rights along with the Ordinary Shares on the basis of one vote for each share held.

Although the Articles of Association of the Company give the directors discretion to only pay the preference dividend if they consider there are adequate profits, such dividends are cumulative. For this reason, the directors consider that the preference shares have the characteristic of a financial liability rather than equity, and consequently the preference shares are included as a non-current liability. None of the preference shares have rights of conversion or rights to capital repayment.

23. Notes to the Cash Flow Statement

	2015 £'000	2014 £'000
Profit before taxation	**11,438**	1,566
Adjustment for net finance expense	**1,788**	1,462
	13,226	3,028
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	**1,080**	893
Impairment of property, plant and equipment	**20**	–
Change in retirement benefit obligations	**(9,222)**	(326)
Gain on disposal of property, plant and equipment	**(814)**	(5)
Share-based payments	**51**	38
Operating cash flows before movements in working capital	**4,341**	3,628
Increase in inventories	**(5,043)**	(1,203)
(Increase)/decrease in receivables	**(1,051)**	11
Increase in payables	**6,030**	3,838
Cash generated by operations	**4,277**	6,274
Income taxes	**(11)**	–
Interest paid	**(1,225)**	(902)
Net cash derived from operating activities	**3,041**	5,372

24. Related parties

Directors

The remuneration of the directors, who are key management personnel of the Group, is set out in note 4 for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual directors is provided in the Directors' Remuneration Report on pages 17 to 27.

The 2,000,000 6% Cumulative Second Preference Shares have full voting rights along with the Ordinary Shares. These shares are beneficially owned by Caffyn Family Holdings Limited ("Holdings"). Mr S G M Caffyn and Miss S J Caffyn are directors of Holdings. The whole of the issued share capital of Holdings is held by close relatives of these directors. Holdings controls directly 42.0% of the voting rights of Caffyns plc. The directors and shareholders of Holdings are also beneficial holders of 593,357 Ordinary Shares in Caffyns plc representing a further 12.5% of the voting rights. It is therefore considered that the Caffyn family is the ultimate controlling party. As required under the Stock Exchange Listing Rules, the Company entered into a Relationship Agreement with Holdings on 6 November 2014 whereby Holdings undertakes to the Company that it shall exercise its Voting Rights and shall exercise all its powers to ensure (so far as it is properly able to do so) that its associates shall exercise their respective Voting Rights and exercise all their respective powers to ensure (to the extent that they are able by the exercise of such rights to procure) that:

24. Related parties (continued)

a) transactions and arrangements between any member of the Group and Holdings (and/or any of its associates) will be conducted at arm's length and on normal commercial terms;

b) neither Holdings nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and

c) neither Holdings nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Directors of the Company and their immediate relatives control 3.9% of the issued Ordinary Share capital of the Company. Dividends of £20,006 were paid to directors in the year.

Caffyns Pension Fund

a) Details of contributions are disclosed in note 20.

b) The Pension Fund held the following investments in the Company:

	Fair value 2015 £'000	Fair value 2014 £'000
Shares held		
125,570 (2014: 125,570) Ordinary Shares of 50p each	**670**	684
12,862 (2014: 12,862) 10% Cumulative Preference Shares of £1 each	**13**	13
	683	697

c) During the year to 31 March 2015 the Company paid management fees of £280,000 on behalf of the Pension Fund (2014: £275,000). These costs comprise the Pension Regulator's levy, actuarial advice and external administration fees.

25. Operating leases

The Group as lessee

The total future minimum lease payments payable under non-cancellable operating leases fall due as follows:

Group and Company	2015 Land and buildings £'000	2015 Other £'000	2014 Land and buildings £'000	2014 Other £'000
Within one year	**433**	**4**	460	14
In two to five years	**1,658**	**–**	1,729	4
Beyond five years	**2,286**	**–**	2,015	–
	4,377	**4**	4,204	18

The total minimum lease payments for land and buildings are until the next break point in the lease. All rentals are fixed until either the termination of the lease or, in the case of land and buildings, the next break point.

The Group leases three properties comprising motor vehicle showrooms with workshop and parts retail facilities, with varying lease periods. None of these leases include contingent rentals. Two of these leases are sub-let to third parties. In addition, there are other leases in respect of items of plant and equipment.

The Group as lessor

Property rental income earned during the year from sub-letting two leased properties was £291,000 (2014: £278,000). No contingent rents were recognised in income (2014: £nil).

Notes to the Financial Statements

25. Operating leases (continued)

At the date of the Statement of Financial Position, there were contracts for land and buildings with tenants for the following lease payments receivable:

Group and Company	2015 £'000	2014 £'000
Within one year	**259**	235
In two to five years	**771**	837
Beyond five years	**950**	1,122
	1,980	2,194

26. Capital commitments

The Group and Company had capital commitments at 31 March 2015 of £28,000 (2014: £169,000).

27. Contingent liabilities and assets

The Group and Company had no contingent liabilities at 31 March 2015 or 31 March 2014.

VAT

Additional amounts may be received from HM Revenue and Customs in respect of claims for overpayments in previous years. These claims are currently subject to legal appeals and will not be recognised unless they are agreed.

28. Critical accounting judgments and estimates when applying the Group's accounting policies

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 judgements and estimates in applying the Group's accounting policies are listed below.

Retirement benefits obligation

The Group has a defined benefit pension plan. The obligations under this plan 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 according to prevailing economic conditions. Details of assumptions used are provided in note 20. At 31 March 2015 the net liability included in the Statement of Financial Position was £5.39m (2014: £11.36m). In addition, it was agreed during the year that the inflation measure used to set in deferment and in payment increases for pensions would change from RPI to CPI for members (or dependents of members) who were in service on or after 1 April 1991. The directors have recorded this change as a plan amendment through the Income Statement. The change from RPI to CPI resulted in a gain in the Income Statement of £8,861,000.

Impairment

The carrying value of property, plant and equipment is tested annually for impairment as described in note 11. The cash flow projections for each CGU where impairment is measured by reference to value in use are based upon actual and short-term planned results which are then extrapolated over an additional four years assuming no growth in profits and an estimate of each CGU's terminal value, discounted using a pre-tax discount rate of 11.3%. As a result of this review the directors do not consider it appropriate to impair the carrying value of certain assets (2014: £nil) (see note 11).

Deferred tax

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. Judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income.

The Group carries a balance of surplus unrelieved advanced corporation tax (see below).

At 31 March 2015 the net deferred tax liability included in the balance sheet was £705,000 (2014: net deferred tax asset £676,000).

28. Critical accounting judgments and estimates when applying the Group's accounting policies (continued)

Surplus ACT recoverable

The Group carries a balance of surplus unrelieved advanced corporation tax (ACT) which can be utilised to reduce corporation tax payable subject to a restriction to 20% of taxable profits less shadow ACT calculated at 25% of 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. The carrying value of surplus ACT is £1,138,000 (2014: £1,138,000) and shadow ACT is £1,068,000 (2014: £1,365,000). Uncertainty arises due to the estimation of future levels of profitability, levels of dividends payable and the reversal of deferred tax liabilities in respect of accelerated capital allowances and on unrealised capital gains. For example a reduction in the Group's profitability could result in a delay in the utilisation of surplus unrelieved ACT. However, based on the Group's current projections, the directors have a reasonable expectation that the surplus ACT will be fully relieved against future corporation tax liabilities by 31 March 2022.

Inventory valuation

Motor vehicle and parts inventories are stated at the lower of cost and net realisable value (fair value less costs to sell). Fair values are assessed using reputable industry valuation data which is based upon recent industry activity and forecasts. Whilst this data is deemed representative of current values it is possible that ultimate sales values can vary from those applied. At 31 March 2015 the value of vehicles included in the Statement of Financial Position was £20.39m (2014: £16.75m). Parts inventories, in accordance with normal industry practice, are normally valued on the basis of replacement cost. On the basis that the Company's parts stocks are turned over almost monthly, the directors are satisfied that the difference between replacement cost and actual cost are not material. The fair value of parts stocks included in the Statement of Financial Position was £960,000 (2014: £808,000).

Income tax

The actual tax on the Group's profit is determined according to complex laws and regulations. Where the effect of these laws and regulations is unclear, estimates are used in determining the liability for tax to be paid on past profits which are recognised in the financial statements. The Group considers the estimates, assumptions and judgements to be reasonable but this can involve complex issues which may take a number of years to resolve. The final determination of prior year tax liabilities could be different from the estimates reflected in the financial statements. The estimated tax charge for the year in the Income Statement is £2,183,000 (2014: £155,000).

Consignment inventories

Consignment vehicles are regarded as effectively under the control of the Group and are included within inventories on the Statement of Financial Position when the Group has substantially all of the significant risks and rewards of ownership even though legal title has not yet passed. The corresponding liability is included in trade and other payables. At 31 March 2015 the value was £10.5m (2014: £9.3m).

VAT

The Group is in discussion with HM Revenue and Customs over claims which may give rise to additional income being recognised in future periods and, although this income may be significant, it is not possible at present to quantify them. Accordingly, no amount has been included in the financial statements in respect of these claims.

Going concern

The directors assess the appropriateness of the going concern basis for the preparation of the financial statements. In doing so they consider the ability of the Group to trade within the financing facilities available to it. The conclusion of this assessment is set out in the accounting policy 'The basis of preparation and statement of compliance' on pages 42 and 43.

29. Post balance sheet events

A final dividend of 13.5p per Ordinary Share (2014: 12.0p) has been recommended by the Directors.

Five Year Review

	2011 £'000	2012 £'000	2013 £'000	2014 £'000	**2015** **£'000**
Income Statement					
Revenue	201,467	170,192	164,965	193,166	**210,314**
Underlying operating profit	2,311	1,625	2,110	3,048	**3,697**
Finance expense	(1,168)	(1,061)	(892)	(882)	**(1,225)**
Underlying profit before finance income on pension scheme	1,143	564	1,218	2,166	**2,472**
Finance income on pension scheme	292	–	–	–	**–**
Underlying profit before tax	1,435	564	1,218	2,166	**2,472**
Non-underlying items	(1,167)	892	304	(600)	**8,866**
Profit before tax	268	1,456	1,522	1,566	**11,438**
Profit after taxation	218	1,416	982	1,411	**9,255**
Basic earnings per Ordinary Share	7.7p	51.0p	35.5p	51.0p	**335.5p**
Adjusted earnings per Ordinary Share	41.4p	27.2p	37.3p	75.5p	**78.1p**
Dividend per Ordinary Share payable in respect of the year	12.0p	12.0p	12.0p	18.0p	**20.25p**

As at year end					
Shareholders' funds	20,270	20,370	15,315	17,913	**24,494**
Property, plant and equipment*	30,973	30,381	32,047	38,162	**37,984**
Bank overdrafts and loans (net)	8,078	8,719	9,846	11,929	**10,133**
Bank overdrafts and loans/shareholders' funds (gearing)	40%	43%	64%	67%	**41%**
Retirement benefit liability	5,481	6,260	13,641	11,360	**5,388**

* Includes investment property and assets held for sale.

Our Dealerships

Audi
Brighton: 200 Dyke Road, Brighton BN1 5AT (01273 610654)

Eastbourne: Edward Road, Eastbourne BN23 8AS (012313 344383)

Worthing: Broadwater Road, Worthing BN14 8AH (01903 373028)

Land Rover
Lewes: Brooks Road, Lewes BN7 2DN (01273 610641)

Skoda
Ashford: The Boulevard, Ashford TN24 0GA (01233 273075)

Tunbridge Wells: North Farm Industrial Estate, Tunbridge Wells TN2 3EL (01892 256407)

Seat
Tunbridge Wells: North Farm Industrial Estate, Tunbridge Wells TN2 3EL (01892 256211)

Vauxhall
Ashford: Monument Way, Orbital Park, Ashford TN24 0HB (01233 273072)

Volkswagen
Worthing: Nightingale Avenue, Worthing BN12 6FH (01903 373048)

Haywards Heath: Station Garage, Market place, Haywards Heath RH16 1DN (01444 650164)

Eastbourne: Hammonds Drive, Eastbourne BN23 6PW (01323 344393)

Hove: Victoria Road, Portslade BN41 1YD (01273 610604)

Volvo
Eastbourne: Lottbridge Drove, Eastbourne BN23 6PJ (01323 344371)

Head Office
Eastbourne : Meads Road, Eastbourne BN20 7DR (01323 730201)

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