

Company Registration No. 135767

GENERAL MOTORS UK LIMITED

Report and Financial Statements

31 December 2008

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GENERAL MOTORS UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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GENERAL MOTORS UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R J Molyneux
C W Parfitt
T C Schmidt
J P Nash
L R Davies
P Millward
G W Branston

SECRETARY

G W Branston

REGISTERED OFFICE

Griffin House
Osborne Road
Luton
Bedfordshire LU1 3YT

BANKERS

Barclays Bank PLC

ACTUARIES

Hewitt Bacon & Woodrow Limited
Epsom
Surrey

AUDITORS

Deloitte LLP
Chartered Accountants
London

GENERAL MOTORS UK LIMITED

DIRECTORS' REPORT (CONTINUED)

The Directors of General Motors UK Limited ("the Company") present their annual report together with the audited financial statements and independent auditors' report for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The Company manufactures, markets and services Vauxhall branded passenger cars and light vans.

The Company's vehicle and component manufacturing activities are located at Ellesmere Port, Cheshire where the Astra is produced.

The Company's sales and marketing activities, as well as corporate headquarters' functions, are located in Luton at Griffin House. The after-sales parts warehouse is situated at Toddington Road in Luton.

BUSINESS REVIEW

The Company reported a loss before tax in 2008 of £229.4 million (2007: loss of £59.1 million). The increase in loss before tax is on account of both lower sales volumes as well as a lower gross margin percentage. In addition, an impairment charge of £50.4 million has been booked relating to investment in Saab Great Britain Limited.

Tangible fixed assets have increased by £74.8 million primarily on account of purchase of plant and machinery and special tools for the manufacture of the New Astra at Ellesmere Port from autumn 2009. On 1 January 2008, the Company purchased the entire share capital of Saab Great Britain Limited for a cash consideration of £50.4 million which as set out above has been fully impaired at 31 December 2008.

There has been an increase in current liabilities of £345.0 million primarily on account of higher borrowing from General Motors Corporation due to the decline in trading volumes.

The Vauxhall brand maintained second place in the Total UK Passenger Car Market, which reported a decline of 11.3% in 2008 (2007: 2.5% increase). Vauxhall achieved sales of 298,912 cars (2007: 331,321 cars) for a market share of 14.0% (2007: 13.8%) which was still the highest share since 1996. Vauxhall's share of the retail car market remained static at 10.4% in a market that declined 15.5% year on year. Retail volume decreased by 19,965 units (2007: 18,789 units increase). Fleet sector sales decreased by 12,444 units (2007: 10,853 units increase), but market share was 17.4% (2007: 17.0%) in a market that declined by 7.1%.

Vauxhall's Total Light Commercial Vehicle sales declined by 3,080 units year on year, but market share increased by 1.6% to 17.2% as the market declined by 14.3%. This market share performance was the best Total Light Commercial Vehicle market share on record for the Company and the year on year increase was generated by growth across most model lines.

2008 was another impressive year of awards for Vauxhall Passenger Cars. Corsa won the Best Supermini award from Auto Express for the second year, the new Insignia has already won the 2008 Top Gear Executive Car of the Year, Zafira won the 2008 Best Compact MPV in the Auto Express 2008 Used Car Honours and the Vauxhall Tigra 1.3 CDTi won the Sports Car Category in the 2008 Green Car Awards.

The year ended very well with the successful introduction of Insignia to customers and dealers. The VXR8 had a 6.2L variant added to the already impressive VXR range. Astra gained extra green credentials with an EcoFlex 1.7 diesel engine emitting only 119g CO₂/km. The launch of New Agila saw the introduction of 1.0L petrol and 1.3L diesel engines both also emitting just 119g CO₂/km.

Corsavan took 2 awards in 2008: What Van? Small Van of the Year award and the Professional Van and Light Truck award for the Small Van of the Year.

Total production volume at Ellesmere Port reduced by 12.7% compared to 2007, with 111,677 units (2007: 127,962 units). This reduction was driven by the industry's economic downturn in the second half of 2008. Exports were 55,612 units (2007: 54,233 units), an increase of 2.5%.

GENERAL MOTORS UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FUTURE DEVELOPMENTS

2009 looks set to see the introduction of more new models and further Insignia derivatives. Insignia Sport Tourer arrived in April, to be swiftly followed by the class leading Insignia EcoFlex models with their ultra low CO₂ figures. Other early 2009 arrivals included new EcoFlex models for Corsa and Zafira emitting just 105g CO₂/km and 139g CO₂/km respectively. The mid-year arrival of the Insignia 2.0 twin turbo diesel and first details of Insignia VXR will be followed later in the year by the build up to the launch of New Astra.

FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The Directors' consideration of liquidity risk and the application of the going concern assumption in preparing these financial statements are set out in note 1 to the accounts.

The most important components of financial risk are liquidity risk, cash flow risk, interest rate risk, currency risk and price risk. During 2008, these financial risks were managed by the treasury function of General Motors Corporation ("GMCORP"). From 31 May 2009, the treasury function of Adam Opel GmbH took control of the management of liquidity risk for the Company which included the replacement of inter-company funding previously provided by GMCORP and ring-fencing of the liquidity of the Adam Opel GmbH group of companies from GMCORP and its successor. A risk management control system is utilised to monitor the strategies, risks and any related hedge positions, in accordance with approved policies and procedures.

PRINCIPAL RISKS AND UNCERTAINTIES

The following comprises a summary of what the Directors believe are the main risks to which the Company is exposed, which could adversely affect the business, results of operations, cash flow, financial condition, turnover, profits, assets, liquidity and capital resources of the Company.

- The Company is reliant on funding from the European treasury operations of Adam Opel GmbH. Further detailed analysis is given in note 1 to the accounts. There are significant uncertainties over the going concern status of Adam Opel GmbH, and hence its subsidiaries, including the Company, which could have adverse effects on the Company's business, results of operations, cash flow and financial condition.
- The Company operates in a competitive industry with relatively high fixed costs and where demand for vehicles has fallen sharply. To offset fixed costs competitors could attempt to sell more vehicles by, for instance, reducing vehicle prices or adding enhancements. If the Company does not continue to compete effectively by developing its products and responding to the activities of its competitors it could lose customers and its results, cash flow and financial conditions could be adversely affected
- The Company's revenues are dependent on the continued operation of its manufacturing facilities. The occurrence of major operational problems at these facilities could have an adverse effect on the Company's results of operations, cash flow and financial condition. Operational risks include equipment and system failures, supply disruptions, work stoppages, events impeding or increasing the cost of transporting products, natural disasters and terrorist attacks. Whilst the Company maintains insurance at appropriate levels, some of the operational risks could result in losses in excess of the insurance cover or in uninsured losses.
- As part of cost reduction initiatives in the Viability Plan described in Note 1, the Company has implemented various methods of limiting or reducing staff compensation. Companies in similar situations have experienced significant subsequent difficulties in hiring and retaining highly skilled employees, particularly in competitive specialties. There is no assurance that the Company will be able to hire and retain the employees whose expertise is required to execute the restructuring plan while at the same time developing and producing vehicles that will stimulate demand for our products. This could adversely affect the Company's results of operations, cash flow and financial condition.

GENERAL MOTORS UK LIMITED

DIRECTORS' REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

- The Company's suppliers provide systems, components and parts needed to manufacture automotive products and operate the business. Any failure of suppliers due to current economic conditions could result in operational disruptions and have a material adverse effect on its business, results of operations, cash flow and financial condition. Attempts by suppliers to increase their prices, pass through increased costs, alter payment terms or seek other relief may result in increases in the Company's costs, create challenges to meeting quality objectives and in some cases make it difficult for the Company to continue production. To the extent the Company takes steps in such cases to help key suppliers remain in business, liquidity would be adversely affected. It may also be difficult to find a replacement for certain suppliers without significant delay.
- The Company is reliant on financing of a significant percentage of its vehicles sales to dealers through funding from GMAC LLC ("GMAC"), the successor to General Motors Acceptance Corporation. As a result of the financial market turmoil and depressed economy, GMAC has faced significant income and liquidity challenges that may adversely affect the extent to which GMAC is able to provide financing on the Company's vehicles sales and hence, the overall volume of sales in the future. The cost of such financing may increase, which could adversely affect cash flow and the financial condition of the Company.
- The Vauxhall Motors Limited Pension Plan and the Vauxhall and Associated Companies Pension Fund are currently in deficit and returns on assets are continuing to decrease due to current economic conditions. Increases in funding from the Company required to make good the deficit could adversely affect cash flow and the financial condition of the Company

GOING CONCERN

After review, the Directors consider they should continue to adopt the going concern basis in preparing the financial statements. Please refer to Note 1 to the accounts.

SUBSEQUENT EVENTS

Events subsequent to 31 December 2008 have been set out in note 23 to the accounts.

DIVIDENDS

No dividends were paid during 2007 and 2008. No final dividend is proposed for the year ended 31 December 2008 (2007: none).

EMPLOYEE POLICIES

The Company operates an Equal Opportunities policy that is applied to all employees, contractors and agencies working for the Company.

Our business operations involve us in many relationships with employees, unions, government (both local and national), NGOs (Non-Governmental Organisations), communities, customers, suppliers and our parent company and sister businesses in their roles as investors in the Company. Throughout the year we continued with our stakeholder consultations in all areas of our business - internal communications through weekly, monthly and annual publications; quarterly financial and state of the business reviews, along with an executive conference for all senior managers. Regular meetings were also held with key stakeholders outside the organisation including government, suppliers and NGOs. The Company continues to explore how it can participate in further initiatives across the community in support of a sustainable business.

EMPLOYMENT OF DISABLED PERSONS

The Company gives full consideration to employing disabled persons and making reasonable adjustments where necessary. Employees who become disabled are given every opportunity and assistance to continue in their employment or to be trained for other suitable positions.

GENERAL MOTORS UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FIXED ASSETS

The Directors consider the aggregate carrying value of tangible fixed assets is not materially different from the market value.

INVESTMENTS IN DEALERSHIPS

The Company operates a Dealer Investment Plan. The primary objective is to provide financial assistance to suitably qualified candidates to set up dealerships, with the object of buying down the Company's interests in the shortest period possible. This financial support is provided by the Company investing in redeemable preference shares, debentures and loan stock of dealership companies. The Company retains control over major operational decisions until the operator has redeemed an agreed percentage of the preference shares. The Company also maintains a minority stake after buydown which enables it to retain control over strategic decisions, including, for example, use and location of the dealer's sites.

CHARITABLE AND POLITICAL CONTRIBUTIONS

No donations for political purposes were made during the year (2007: £nil). The Company's donations for charitable purposes in 2008 totalled £224,456 (2007: £231,418).

RESEARCH AND DEVELOPMENT

General Motors' Technical Development Centre (a division of Adam Opel AG, a fellow subsidiary undertaking), which has overall responsibility for vehicle design and development in Europe, carries out research and development activities on behalf of the Company in Germany. In the UK the Vauxhall Engineering Centre at Millbrook in Bedfordshire is an engineering centre of excellence for vans and right-hand drive technology.

DIRECTORS' INDEMNITIES

The Group maintains insurance in respect of the Directors and officers against any such liabilities as are referred to in Section 309A of the Companies Act 1985.

DIRECTORS AND THEIR INTERESTS

The present members of the Board of Directors are shown on page 1. There were the following changes in Directors during the year and since the year end.

J R Fulcher	appointed 1 January 2008, resigned 1 August 2008
M A Johnson	appointed 1 January 2008, resigned 1 November 2008
T C Schmidt	appointed 1 January 2008
K Ward	resigned 21 April 2008
J Browning	resigned 1 June 2008
J P Nash	appointed 1 June 2008
L R Davies	appointed 1 August 2008
P Millward	appointed 1 November 2008
G W Branston	appointed 27 February 2009
K Benjamin	resigned 27 February 2009

At the end of the year there existed an arrangement between companies in the United Kingdom group and General Motors Corporation under which group companies met the cost of certain awards made by the General Motors Stock Incentive Plan to eligible employees, who qualify by virtue of their employment. Such awards might include awards of Common Stock or options for Common Stock of General Motors Corporation and the eligible employees to whom such awards might be made include Directors of the Company who are employees or Directors of other United Kingdom group companies. During the year all Directors held shares or options in General Motors Corporation.

The Directors had no interests at any time during the year in the shares of the Company, or any other company within the United Kingdom group.

GENERAL MOTORS UK LIMITED

DIRECTORS' REPORT (CONTINUED)

AUDITORS

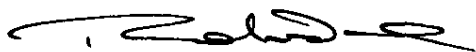
Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP. Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be put to the Annual General Meeting. In addition, a further resolution will be put to the Meeting authorising the Directors to determine the auditors' remuneration.

Approved by the Board of Directors and signed on behalf of the Board.



R J Molyneux
Director

20 August 2009

GENERAL MOTORS UK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENERAL MOTORS UK LIMITED

We have audited the financial statements of General Motors UK Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movement in shareholders' deficit and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Emphasis of matter – going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 1 of the accounts concerning the Company's ability to continue as going concern. As of 31 December 2008, the Company had net current liabilities of £835.8 million and net liabilities of £636.1million.

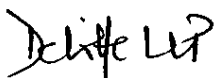
The Company meets its day to day working capital requirements through funding from its parent company, Adam Opel GmbH ("Adam Opel"). Due to circumstances set out in note 1 to the accounts, Adam Opel in its 2008 annual report raised substantial doubt regarding its ability to continue as going concern and therefore, there is material uncertainty about its ability to continue to fund the Company.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENERAL MOTORS UK LIMITED
(CONTINUED)**

Emphasis of matter – going concern (continued)

Adam Opel is seeking third party investment, which may result in a change in its governance structure, including the decision-making process of its Board. This creates a further material uncertainty since the intention of any new board with respect to the Company is unknown.

The circumstances set out above together with other matters as explained in note 1 to the accounts, indicate the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. The Directors have prepared these financial statements on the going concern basis. If the adoption of the going concern basis was inappropriate, adjustments, which it is not practicable to quantify, would be required, including those to write down assets to their recoverable value, to reclassify fixed assets as current assets and to provide for any further liabilities that may arise.



Deloitte LLP

Chartered Accountants and Registered Auditors

London, UK.

20 August 2009

GENERAL MOTORS UK LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2008

	Note	2008 £m	2007 £m
TURNOVER	2	3,497.3	3,810.3
Cost of sales			
Exceptional restructuring costs		-	(1.9)
Other cost of sales		(3,378.7)	(3,586.7)
Total cost of sales		(3,378.7)	(3,588.6)
GROSS PROFIT		118.6	221.7
Distribution costs		(272.6)	(288.9)
Administrative expenses		(25.2)	(23.5)
Other operating income	3	-	9.8
OPERATING LOSS	3	(179.2)	(80.9)
Net interest receivable	4	0.5	22.3
Other finance charges	17	(0.3)	(0.5)
Impairment of investment	11a	(50.4)	-
LOSS BEFORE TAXATION		(229.4)	(59.1)
Tax credit on loss	5	2.6	7.2
LOSS AFTER TAXATION FOR THE FINANCIAL YEAR	19	(226.8)	(51.9)

All amounts in both the current and preceding financial year derive from continuing operations.

GENERAL MOTORS UK LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**
Year ended 31 December 2008

	2008 £m	2007 £m
Loss for the financial year	(226.8)	(51.9)
Share of actuarial (loss)/gain recognised in the pension scheme (note 17)	<u>(1.6)</u>	<u>1.1</u>
TOTAL RECOGNISED GAINS AND LOSSES SINCE THE LAST ANNUAL REPORT	<u>(228.4)</u>	<u>(50.8)</u>

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT
Year ended 31 December 2008

	2008 £m	2007 £m
Loss for the financial year	(226.8)	(51.9)
Other gains and losses relating to the year	(1.6)	1.1
Movement in share-based payments reserve	<u>0.1</u>	<u>0.1</u>
NET INCREASE IN SHAREHOLDERS' DEFICIT	(228.3)	(50.7)
Opening shareholders' deficit	<u>(407.8)</u>	<u>(357.1)</u>
CLOSING SHAREHOLDERS' DEFICIT	<u>(636.1)</u>	<u>(407.8)</u>

GENERAL MOTORS UK LIMITED

BALANCE SHEET 31 December 2008

	Note	2008 £m	2007 £m
FIXED ASSETS			
Tangible assets			
- Land, buildings, plant, machinery and equipment	9	280.9	234.4
- Special tools, jigs and dies	10	53.2	24.9
Investments			
- Shares in group undertaking	11a	0.5	0.5
- Other investments	11b	21.3	19.1
		<u>355.9</u>	<u>278.9</u>
CURRENT ASSETS			
Stocks	12	572.7	648.6
Debtors	13	438.7	312.2
Cash at bank and in hand		15.2	0.2
		<u>1026.6</u>	<u>961.0</u>
CREDITORS:			
Amounts falling due within one year	14	(1,862.4)	(1,451.8)
NET CURRENT LIABILITIES		<u>(835.8)</u>	<u>(490.8)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(479.9)	(211.9)
CREDITORS:			
Amounts falling due after more than one year	15	(26.2)	(19.5)
PROVISIONS FOR LIABILITIES	16	<u>(127.0)</u>	<u>(174.7)</u>
NET LIABILITIES EXCLUDING PENSION LIABILITIES		(633.1)	(406.1)
NET PENSION SCHEME LIABILITIES	17	<u>(3.0)</u>	<u>(1.7)</u>
NET LIABILITIES INCLUDING PENSION LIABILITIES		<u>(636.1)</u>	<u>(407.8)</u>
CAPITAL AND RESERVES			
Called up share capital	18	45.9	45.9
Capital reserve	19	0.1	0.1
Share-based payments reserve	19	-	0.7
Profit and loss account	19	(682.1)	(454.5)
SHAREHOLDERS' DEFICIT		<u>(636.1)</u>	<u>(407.8)</u>

These financial statements were approved by the Board of Directors on 20 August 2009 and are signed on its behalf by:



R J Molyneux
Director

20 August 2009

NOTES TO THE ACCOUNTS
Year ended 31 December 2008

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and company law. The particular accounting policies adopted, which are consistent with those applied in the prior year, are described below.

Accounting basis

The financial statements are prepared under the historical cost convention in conformity with applicable United Kingdom accounting standards.

Going concern

The Company's balance sheet at 31 December 2008 shows that the Company has net current liabilities of £835.8 million and net liabilities of £636.1 million. The automotive sector in which the Company operates faced significant declines in customer demand during 2008 and sales volumes have remained depressed during 2009 to date.

During 2008 and the first half of 2009, the Company met its day to day working capital requirements through funding from its ultimate parent company and controlling entity, General Motors Corporation ("GMCorp").

On 1 June 2009, General Motors Corporation ("GMCorp") announced that it had filed voluntarily petitions for relief under Chapter 11 of the United States Bankruptcy Code to provide protection from creditors whilst it undertakes a restructuring of its business. This included the sale of substantially all of the global assets of GMCorp to a new holding company "General Motors Company" ("GMC"), for which court approval was received on 6 July 2009, and a capital restructuring, whereby a significant proportion of the outstanding debt owed by GMCorp was exchanged for equity in the new holding company. This restructuring completed on 10 July 2009.

GMC's Europe operations ("GME"), including the Company, are severely restricted in the availability of funding they may receive from GMC. GME has, therefore, been seeking its own sources of external financing to fund its operations as GME does not have sufficient funds to meet its liquidity requirements.

A re-organisation of the ownership structure of the European operations has taken place. On 31 May 2009, the shares of GM Automotive UK and its subsidiaries, including the Company, were transferred to the ownership of Adam Opel GmbH ("Adam Opel"), part of GME.

A viability plan was developed for the Adam Opel group of companies, which was approved by the supervisory board of GME and Adam Opel on 27 February 2009 (the "Viability Plan"). The Viability Plan included a request for €3.3 billion in financial support from federal and state governments all across Europe, €3 billion in support through GM Corp, and €0.9 billion in reductions in the Adam Opel group's structural costs. Federal and state governments signaled their willingness to provide government support on the condition that, in an initial step, potential investors be found who are prepared to sign a memorandum of understanding stating their willingness to invest in Adam Opel.

At the end of May 2009, a non-binding memorandum of understanding was signed with Magna International Inc. ("Magna") in which it was proposed that Magna and its partner take a significant stake in the Adam Opel group in return for a cash injection into the Adam Opel group. The majority of Adam Opel's shares (65%) were put into an independent trust (the balance to remain with GMC), while negotiations with Magna proceed. Since this date, further offers of investment in Adam Opel group have been received. Management currently expects a deal with one of these parties to complete by the end of 2009.

On 31 May 2009, a banking syndicate granted Adam Opel a revolving credit facility of €1.5 billion to provide short-term bridge financing to the Adam Opel group. The facility is available until the end of November 2009 and is secured by a guarantee from German state and federal government. The Company has access to these facilities under the treasury arrangements of the Adam Opel group.

Due to the circumstances set out above, Adam Opel in its 2008 annual report raised substantial doubt regarding its ability to continue as a going concern.

GENERAL MOTORS UK LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2008

1. ACCOUNTING POLICIES (continued)

Going concern (continued)

In preparing these financial statements, the Directors have assumed that third party investment into Adam Opel group will complete successfully and that a viable business plan, to be drawn by the new owner, will be successfully executed. Additionally, the Directors have assumed that any new investor in the Adam Opel group will support the operation of the Company on a going concern basis. Consequently, the Directors consider that the operations of the Company will continue on a going concern basis. However, at the date of approval of these financial statements, no binding agreement has been reached with any third party investor and the business plan of the new owner, which include the need for significant cost reduction, the provision of government assistance and the provision of support from GMC has not been secured or executed. In the event that any of these steps do not complete or are not achieved, the Company may be unable to continue as a going concern.

The circumstances set out above represent material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless after making enquiries and based on discussions with the aforementioned parties, and considering the material uncertainties described above, the directors have a reasonable expectation that the Company will be able to secure adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors have continued to adopt the going concern basis in preparing the financial statements. The financial statements do not reflect any adjustments that would be required should the going concern basis of preparation cease to be appropriate.

Consolidated accounts

Consolidated accounts have not been prepared because the Company's results are consolidated in the publicly available accounts of General Motors Corporation, a company registered in the State of Delaware, USA, which prepares consolidated financial statements. Accordingly, these financial statements represent information about the company as an individual undertaking and not about the group.

Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard 1 "Cash Flow Statements" from the requirement to produce a cash flow statement because General Motors UK Limited is a wholly owned subsidiary of General Motors Corporation, a company registered in the State of Delaware, USA, which prepares consolidated financial statements that include a cash flow statement, including those of the Company, and which are publicly available.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Freehold land and assets in the course of construction are not depreciated. The cost less estimated residual value, of other fixed assets is depreciated by equal monthly instalments over the expected useful lives of the assets as follows:

Freehold improvements and buildings	31 - 40 years
-------------------------------------	---------------

Plant, machinery and equipment	5 - 27 years
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Residual value is calculated on prices prevailing at the date of acquisition. Leasehold property is written off at rates appropriate to the period of the lease or at 4 percent per annum, whichever is the greater.

Special tools, jigs and dies

The cost of special tools, jigs and dies is written off over the estimated production run of the models to which they relate or a maximum of six years.

Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment.

NOTES TO THE ACCOUNTS
Year ended 31 December 2008

1. ACCOUNTING POLICIES (continued)

Fixed asset and special tool leasing

Where fixed assets and special tools are financed by leasing agreements that give rights approximately equivalent to ownership (finance leases) the assets are treated as if they had been purchased outright at the present value of the total rental payable during the primary period of the lease, and the corresponding leasing commitments are treated as obligations to the lessor.

Depreciation on the relevant assets is provided at the rates referred to above.

The capital element of the future lease obligations is recorded as a liability, while the interest element is charged to the profit and loss account over the period of the leases to produce a constant rate of change on the balance of capital repayments outstanding.

All other leases are operating leases, the annual rentals of which are charged to the profit and loss account on a straight-line basis over the term of the lease even if the payments are not made on such a basis. Benefits receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is provided in full using the liability method for all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Regional development and assistance grants

Regional development and assistance grants are credited to income over the estimated lives of the assets to which the grants relate at the date of grant.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value.

Cost is based either on the 'first in - first out' basis, or on a weighted average basis, and includes material, labour and appropriate overheads. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Provision is made for any anticipated obsolescence of stocks.

Foreign currencies

Foreign currency transactions during the year are recorded using the rates of exchange ruling at the dates of the transactions or, if hedged, at the forward contract rates. Monetary assets and liabilities denominated in foreign currencies are translated using the rates of exchange ruling at the balance sheet date or the hedged rate and the gains or losses on translation are included in the profit and loss account.

Warranty liability on Company products

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Provision is made for the estimated liability on all products under warranty.

NOTES TO THE ACCOUNTS

Year ended 31 December 2008

1. ACCOUNTING POLICIES (continued)

Pension costs

The Company makes contributions to three pension plans, each of which is of the "defined benefit" type where pensions are determined by an employee's earnings level and length of service. The three plans are the Vauxhall Motors Limited Pension Plan ("VMLPP"), the General Motors Retirees Pension Plan ("GMRPP") and the Vauxhall and Associated Companies Pension Fund ("VACPF").

The VMLPP into which the Company contributes is a multi-employer scheme. In the opinion of the Directors, it is not possible to separate out on a reasonable and consistent basis the assets and liabilities of the scheme between the different group companies that contribute to it. Accordingly, the VMLPP is accounted for on a defined contribution basis within Vauxhall Motors Limited. The pension cost charged in the financial statements in respect of the VMLPP represents the contributions payable by the Company during the year.

The GMRPP and VACPF are accounted for on a defined benefit basis.

In accordance with FRS 17 the fair value of the pension schemes is reported in the balance sheet of the Company. The movements in the fair value of the scheme are reflected in the performance statements. The current service cost, being the costs of benefits accrued in the reporting period and variations to past service benefits, being the cost or gain of any benefit improvements or reductions that affect past service are recognised within operating costs.

Net interest accrued on pension liabilities and the expected return on the assets held by the scheme are charged or credited as other finance charges or income in the profit and loss account.

Actuarial gains and losses arising from differences between actual and expected returns on the scheme assets, experience changes affecting scheme liabilities and the effects of any changes to actuarial assumptions are charged or credited to the statement of total recognised gains and losses.

Where a pension surplus exists on a pension scheme, the asset recognised is restricted to the amount that the Company can use to generate future economic benefits for itself in the form of reduced contributions or refunds from the scheme.

Turnover

In accordance with Application Note G to Financial Reporting Standard 5 "Reporting the Substance of Transactions", turnover is recognised under an exchange contract with a customer, when, and to the extent that, the Company obtains the right to consideration in exchange for its performance.

Turnover represents the sales of motor vehicles, components, parts and accessories net of trade discounts, VAT and other sales related taxes. Provisions for dealer and customer incentives, allowances and rebates are made at the time of vehicle sales and are recorded against revenue.

Certain vehicles are sold under agreements containing residual value or repurchase commitments. If the substance of the transaction indicates that the Company has not transferred the principal risks and rewards of vehicle ownership to the purchaser, the transaction is accounted for as a grant of an operating lease until an economic sale of the vehicle has been made. Revenue is recognised on such vehicles over the lease period.

GENERAL MOTORS UK LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2008

Share-based payment

The General Motors Corporation group, of which General Motors UK Limited is part, issued equity-settled share-based payments to certain employees.

As detailed in the above section entitled "Going concern", on 1 June 2009 General Motors Corporation filed a voluntary petition for relief under chapter 11 of the U.S. Bankruptcy Code. Accordingly, no further share options will be granted, nor options exercised, as part of the GMSIP. The balance on the company's share-based payments reserve has been transferred to profit and loss account reserve at 31 December 2008 (note 19).

Equity-settled share-based payments were measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments was expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that would eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value was measured by use of the Black-Scholes pricing model. The expected term of options represented the period of time that options granted were expected to be outstanding.

2. TURNOVER

The operations of the Company are based exclusively in the United Kingdom. All turnover relates to the sale of automotive products.

	2008 £m	2007 £m
Geographical analysis of turnover by destination:		
United Kingdom	2,956.9	3,285.2
Rest of Europe	539.5	524.1
Rest of the World	0.9	1.0
	<u>3,497.3</u>	<u>3,810.3</u>

A geographical analysis of profit before tax has not been given as in the opinion of the Directors this would be prejudicial to the interest of the Company.

GENERAL MOTORS UK LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2008

3. OPERATING LOSS

	2008 £m	2007 £m
Operating loss is arrived at after charging/(crediting)		
Depreciation of land, building, plant machinery and equipment		
- owned	19.2	25.5
Depreciation of special tools, jigs and dies		
- owned	12.0	10.2
Transfer pricing adjustment relating to previous years	(7.9)	49.6
Foreign exchange (gain)/loss	(18.7)	28.0
Rentals under operating leases		
- hire of plant and machinery	2.6	2.1
- other operating leases	4.9	5.9
Amortisation of regional development grants	1.4	1.5
(Profit)/loss on disposal of tangible fixed assets	(3.6)	2.3
Auditors' remuneration		
- Audit fees		
Fee payable to the Company's auditors for the audit of the Company's annual accounts	0.3	0.3
- Non-audit fees		
Other services supplied under section 404 of the US Sarbanes-Oxley Act 2002	0.1	0.1
Other operating income		
- VAT refunds received relating to previous years	-	(9.8)
	<u> </u>	<u> </u>

4. NET INTEREST RECEIVABLE

	2008 £m	2007 £m
Interest payable		
- loans from group undertakings	(10.1)	(4.8)
- other interest expense	(2.0)	(0.1)
	<u> </u>	<u> </u>
Total interest payable	(12.1)	(4.9)
Interest receivable		
- loans to group undertakings	9.0	11.6
- other	3.6	15.6
	<u> </u>	<u> </u>
Total interest receivable	12.6	27.2
	<u> </u>	<u> </u>
Net interest receivable	0.5	22.3
	<u> </u>	<u> </u>

GENERAL MOTORS UK LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2008

5. TAX CREDIT ON LOSS

	2008 £m	2007 £m
Current tax:		
UK corporation tax at 28.5% (2007: 30%)	(0.4)	-
Adjustment in respect of prior periods	(2.2)	(7.2)
	<u>(2.6)</u>	<u>(7.2)</u>

The tax assessed for the period differs to that resulting from applying the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008 £m	2007 £m
Loss on ordinary activities before tax	<u>(229.4)</u>	<u>(59.1)</u>
Tax at UK rate of 28.5% (2007: 30%) thereon	(65.4)	(17.7)
Effects of:		
Non-taxable income and expenses not deductible for tax purposes	(1.0)	(1.0)
Non-deductible write down of investment	14.4	-
Capital allowances less than/(in excess) of depreciation	8.7	8.6
Other timing differences	(0.6)	(4.8)
Transfer pricing adjustment	(2.3)	14.9
Losses carried forward	45.8	-
Prior period adjustments	(2.2)	(7.2)
Current tax credit for the year	<u>(2.6)</u>	<u>(7.2)</u>

GENERAL MOTORS UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2008

6. EMPLOYEES

	2008 No.	2007 No.
a. Average monthly number including executive directors		
Salaried	1,002	955
Hourly	2,344	2,383
	<u>3,346</u>	<u>3,338</u>
	2008	2007
	£m	£m
b. Costs		
Wages and salaries	122.8	118.7
Social security costs	7.0	9.5
Pension costs	37.7	41.5
	<u>167.5</u>	<u>169.7</u>

7. EMOLUMENTS OF DIRECTORS

	2008 £'000	2007 £'000
Directors' emoluments	1,792.0	1,342.0
Aggregate of contributions paid in respect of money purchase pension schemes	<u>16.4</u>	<u>18.3</u>
	No.	No.
Number of Directors who received, or became eligible to receive, shares during the year	<u>2</u>	<u>2</u>
	No.	No.
Number of Directors who are members of a money purchase pension scheme	3	4
Number of Directors who are members of a defined benefit pension scheme	<u>11</u>	<u>5</u>
	£'000	£'000
In respect of the highest paid Director:		
Aggregate emoluments	369.1	488.0
Annual pension accrued under a defined benefit pension scheme	<u>46.0</u>	<u>21.0</u>

The emoluments of certain Directors, including those of the highest paid Director, have been apportioned between the General Motors Corporation group companies in the United Kingdom of which they are Directors. A significant portion of the incentive compensation of Directors is based on the annual as well as longer-term financial results of General Motors Europe and General Motors Corporation. Also included within the above emoluments, where applicable, are certain benefits-in-kind, principally housing and living allowance costs.

GENERAL MOTORS UK LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2008

8. SHARE-BASED PAYMENTS: EQUITY-SETTLED SHARE OPTION SCHEME

General Motors UK Limited's share option scheme is The 2002 U.K. Approved Stock Incentive Plan Of General Motors Corporation And Affiliated Companies ("The UK Sub-Plan") which is administered by the Executive Compensation Committee of the board of directors of General Motors Corporation ("GM"). It is a part of the General Motors 2002 Stock Incentive Plan ("GMSIP").

Option prices are 100% of fair market value on the dates of grant, and the options generally expire 10 years from the dates of grant, subject to earlier termination under certain conditions. Stock option grants awarded are generally exercisable one-third after one year, one-third after two years and fully after three years from the dates of grant. Any shares granted and undelivered under the GMSIP, due primarily to expiration or termination, become again available for grant. GM's policy is to issue treasury shares upon exercise of employee stock options.

Details of the share options outstanding during the year are as follows.

	2008		2007	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
	('000)	(£)	('000)	(£)
Outstanding at beginning of period	145.4	21.13	125.6	21.87
Transfers (out)/in	(6.9)	21.95	4.2	22.09
Granted during the period	23.2	11.62	15.6	14.87
Outstanding at the end of the period	161.7	19.73	145.4	21.13
Exercisable at the end of the period	124.2	21.63	110.0	22.34

No UK Sub-Plan options were exercised in the period hence no weighted average share price at the date of exercise for share options exercised during the period has been calculated. The options outstanding at 31 December 2008 had a weighted average remaining contractual life of 5.9 years (2007: 6.4 years). Options were granted on 5 March 2008 (2007: 20 March 2007) and the aggregate of the estimated fair values of the options granted is £66,000 (2007: £82,000), of which £66,000 (2007: £63,000) relates to the Directors. The Company recognised these amounts as total expenses related to equity-settled share-based payment transactions.

The inputs into the Black-Scholes option pricing model are as follows:

	2008	2007
Expected volatility	44.6%	35.8%
Expected life (years)	7.3	6.0
Risk-free rate	3.0%	4.98%
Expected dividend yield	4.3%	3.4%

Expected volatilities are based on both the implied and historical volatility of GM's stock. The expected term of options represents the period of time that options granted are expected to be outstanding. The interest rate for periods during the expected life of the option is based on the U.S. Treasury yield curve in effect at the time of the grant. Weighted average share price is equal to the weighted average exercise price as options are granted at market value.

As detailed in note 1, on 1 June 2009 General Motors Corporation filed a voluntary petition for relief under chapter 11 of the U.S. Bankruptcy Code. Accordingly, no further share options will be granted, nor options exercised, as part of the GMSIP. The balance on the company's share-based payments reserve has been transferred to profit and loss account reserve at 31 December 2008 (note 19).

GENERAL MOTORS UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2008

9. TANGIBLE FIXED ASSETS - LAND, BUILDINGS, PLANT, MACHINERY AND EQUIPMENT

	Freehold land and buildings £m	Long leasehold land and buildings £m	Plant, machinery and equipment £m	Assets in the course of construction £m	Total £m
Cost					
At 1 January 2008	384.0	9.2	414.3	-	807.5
Additions	8.1	-	8.1	51.8	68.0
Disposals	(1.8)	(0.4)	(13.3)	-	(15.5)
At 31 December 2008	390.3	8.8	409.1	51.8	860.0
Accumulated depreciation					
At 1 January 2008	274.3	6.1	292.7	-	573.1
Charge for the year	3.3	0.3	15.6	-	19.2
Disposals	(0.7)	(0.1)	(12.4)	-	(13.2)
At 31 December 2008	276.9	6.3	295.9	-	579.1
Net book value					
At 31 December 2008	113.4	2.5	113.2	51.8	280.9
At 31 December 2007	109.7	3.1	121.6	-	234.4

10. TANGIBLE FIXED ASSETS – SPECIAL TOOLS, JIGS AND DIES

	£m
Cost	
At 1 January 2008	57.6
Additions	40.3
At 31 December 2008	97.9
Amortisation	
At 1 January 2008	32.7
Charge for the year	12.0
At 31 December 2008	44.7
Net book value	
At 31 December 2008	53.2
At 31 December 2007	24.9

GENERAL MOTORS UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2008

11. FIXED ASSET INVESTMENTS

a. Shares in group undertakings

	2008 £m	2007 £m
500,002 £1 ordinary shares in Vauxhall Engineering Centre Limited at cost:	0.5	0.5
6,000,000 £1 ordinary shares in Saab Great Britain Limited at cost:	50.4	-
	<u>50.9</u>	<u>0.5</u>
Impairment of investment in Saab Great Britain Limited	(50.4)	-
	<u>0.5</u>	<u>0.5</u>

Subsidiary undertakings

Principal activities

Saab Great Britain Limited Sale and distribution of Saab motor cars and accessories to the motor trade

Vauxhall Engineering Centre Limited Provision of engineering services

Both subsidiaries were incorporated in England and Wales and 100% of share capital is owned by the Company.

Vauxhall Engineering Centre Limited was put into voluntary liquidation on 11 February 2008.

On 1 January 2008, the Company purchased the entire share capital of Saab Great Britain Limited and its subsidiaries for cash consideration of £50.4 million. Following the announcement on 20 February 2009 by the Saab Automobile AB board that the company had filed an application under a self-managed Swedish court process to re-organise and restructure the company, the Directors have evaluated the recoverability of the Company's investment in Saab Great Britain Limited, which has a distribution agreement with Saab Automobile AB for the sale of Saab vehicles in the UK. In light of the future uncertainty over Saab Great Britain's business, the Directors consider that the carrying value of the investment is fully impaired and have recorded an impairment charge to the profit and loss account of £50.4 million.

GENERAL MOTORS UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2008

11 FIXED ASSET INVESTMENTS (continued)

b. Other investments

	2008 £m Cost	2008 £m Provision	2008 £m Net	2007 £m Net
Investments in dealerships	17.5	(2.0)	15.5	16.4
Loans to dealerships	5.5	-	5.5	2.4
Other investments	0.3	-	0.3	0.3
	<u>23.3</u>	<u>(2.0)</u>	<u>21.3</u>	<u>19.1</u>

Investments in dealerships arise as a result of the Company's Dealer Investment Plan. The primary objective of this plan is to provide financial assistance to suitably qualified candidates to set up dealerships, with the objective of buying down the Company's interests in the shortest period possible. This financial support is provided by the Company investing in redeemable preference shares, debentures and loan stock of dealership companies. The Company retains control over major operational decisions until the operator has redeemed an agreed percentage of the preference shares. The Company also maintains a minority stake after buydown which enables it to retain control over strategic decisions, including, for example, use and location of the dealer's sites. At 31 December 2008, General Motors UK Limited's share of investments in dealerships ranged between 1% and 100%.

Information in respect of movements during the year:

	Dealerships		Other	Total
	Investments £m	Loans £m	Investments £m	£m
Balance at 1 January 2008	16.4	2.4	0.3	19.1
Acquisitions	1.4	3.3	-	4.7
Redemptions, sales and repayments	(1.4)	(0.2)	-	(1.6)
Movement in impairment provision	(0.9)	-	-	(0.9)
Balance at 31 December 2008	<u>15.5</u>	<u>5.5</u>	<u>0.3</u>	<u>21.3</u>

12. STOCKS

	2008 £m	2007 £m
Raw materials and work in progress	27.5	39.6
Finished product (motor vehicles)	78.9	146.7
Motor vehicles on consignment	302.0	193.4
Motor vehicles sold under sale and repurchase agreements	116.3	218.7
Parts and accessories	48.0	50.2
	<u>572.7</u>	<u>648.6</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

GENERAL MOTORS UK LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2008

13. DEBTORS

	2008 £m	2007 £m
Trade debtors	44.9	56.3
Amounts owed by General Motors Corporation and fellow subsidiary undertakings	367.5	214.4
Other debtors	23.8	36.1
Prepayments and accrued income	2.5	5.4
	<u>438.7</u>	<u>312.2</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £m	2007 £m
Trade creditors	203.2	239.7
Amounts owed to General Motors Corporation and fellow subsidiary undertakings	1,113.2	763.3
Corporation tax	19.6	25.1
Taxation and social security	111.5	34.3
Other creditors	6.4	7.4
Liability for repurchase of specific vehicles sold under sale and repurchase agreements	227.2	258.5
Accruals and deferred income	181.3	123.5
	<u>1,862.4</u>	<u>1,451.8</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £m	2007 £m
Deferred income		
- regional development and assistance grants (see below)	10.3	11.4
Other creditors	15.9	8.1
	<u>26.2</u>	<u>19.5</u>

The value of Regional Development and Assistance Grants to be amortised after more than five years is £6.4 million (2007 - £6.4 million).

GENERAL MOTORS UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2008

16. PROVISIONS FOR LIABILITIES

	£m
At 1 January 2008	174.7
Charge to the profit and loss account	460.5
Utilised in year	(502.0)
Released in the year	(6.2)
	<hr/>
At 31 December 2008	127.0
	<hr/>

This provision primarily relates to expected warranty claims on products sold, the bulk of which are expected to crystallise within three years.

Deferred taxation

Unrecognised deferred tax assets are as follows:

	2008 £m	2007 £m
Accelerated capital allowances	38.5	34.9
Short term timing differences	4.4	5.1
Tax losses	51.3	5.8
	<hr/>	<hr/>
Total unrecognised deferred tax assets related to trading activities	94.2	45.8
Taxes on:		
Capital gains arising on disposal of property that has been deferred under the roll-over provisions	(0.6)	(0.6)
	<hr/>	<hr/>
Total unrecognised deferred tax assets	93.6	45.2
	<hr/>	<hr/>

No deferred tax asset has been recognised as at 31 December 2008 (2007: £ nil) as the availability of future profits against which to recover the asset is not considered sufficiently probable

GENERAL MOTORS UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2008

17. PENSIONS

The Company makes contributions to three pension plans, each of which is of the "defined benefit" type where pensions are determined by an employee's earnings level and length of service. The three plans are the Vauxhall Motors Limited Pension Plan ("VMLPP"), the General Motors Retirees Pension Plan ("GMRPP") and the Vauxhall and Associated Companies Pension Fund ("VACPF"). The assets of the plans are held in trustee-administered funds and are completely separate from the assets of the Company.

Funding

Funding is provided at a level determined after taking independent professional actuarial advice, with the Company meeting the balance of the cost not covered by members' contributions.

Pension cost

The Company's total charge to operating profit for 2008 was £37.7 million (2007: £41.5 million) and relates to the VMLPP, GMRPP and VACPF pension schemes, of this total £36.5 million (2007: £33.4 million) related to current service costs and £1.2 million (2007: £8.1 million) related to separation costs.

Contributions to the Pension Plans

During 2008 the Company made contributions to the plans of £36.9 million (2007: £33.8 million). During the year ended 31 December 2008 the Company paid against previous provisions, further special cash contributions to the plans of £1.4 million (2007: £8.2 million) to cover separation programmes. It was agreed that effective from 1 October 2006 an annual fixed sum of £33.0 million of regular contributions would be paid on a monthly basis as opposed to a percentage of pensionable pay. A new Schedule of Contributions was agreed between the Company and the pension plan Trustee in May 2009 following completion of the triennial valuation of the plan, continuing the payment of an annual fixed sum of £33.0 million of regular contributions paid on a monthly basis, but with the sum increasing annually by twice the increase in RPI, subject to a maximum annual increase of 10%.

Financial Reporting Standard 17 "Retirement Benefits"

The VMLPP into which the Company contributes is a multi-employer scheme. In the opinion of the Directors, it is not possible to separate out on a reasonable and consistent basis the assets and liabilities of the scheme between the different group companies which contribute to it. Accordingly, the VMLPP is accounted for on a defined contribution basis within the Company. Also, refer to the note 23 to the changes made, subsequent to the balance sheet date, to the benefits for the members of the VMLPP.

The VACPF and GMRPP into which the Company contributes are single-employer schemes. The Directors believe that it is correct to account for the whole of these schemes on a defined benefit basis in General Motors UK Limited.

Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

	VACPF and GMRPP	
	Value at 31 December 2008 £m	Value at 31 December 2007 £m
Present value of scheme liabilities	(217.0)	(267.5)
Fair value of plan assets	260.2	314.2
	<hr/>	<hr/>
	43.2	46.7
Adjustment for irrecoverable surplus	(46.2)	(48.4)
	<hr/>	<hr/>
Deficit in scheme	(3.0)	(1.7)
	<hr/>	<hr/>

GENERAL MOTORS UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2008

17. PENSIONS (continued)

Financial Reporting Standard 17 "Retirement Benefits" (continued)

The amounts recognised in profit or loss are as follows:

	VACPF and GMRPP	
	2008	2007
	£m	£m
Expected return on plan assets	15.2	13.3
Interest on pension scheme liabilities	(15.5)	(13.8)
Total	<u>(0.3)</u>	<u>(0.5)</u>

	VACPF and GMRPP	
	2008	2007
	£m	£m
Expected return on assets	15.2	13.3
Actuarial loss on assets	(58.2)	(10.1)
Actual return on plan assets	<u>(43.0)</u>	<u>3.2</u>

Changes in the present value of the defined benefit obligation are as follows:

	VACPF and GMRPP	
	2008	2007
	£m	£m
Opening defined benefit obligation	267.5	269.1
Interest cost	15.5	13.8
Net benefits paid out	(11.6)	(10.9)
Actuarial gain on plan liabilities	(54.4)	(4.5)
Closing defined benefit obligation	<u>217.0</u>	<u>267.5</u>

Changes in the fair value of plan assets are as follows:

	VACPF and GMRPP	
	2008	2007
	£m	£m
Opening fair value of plan assets	314.2	321.4
Expected return on assets	15.2	13.3
Contributions by the employer	0.6	0.5
Net benefits paid out	(11.6)	(10.9)
Actuarial loss on assets	(58.2)	(10.1)
Closing fair value of plan assets	<u>260.2</u>	<u>314.2</u>

The Company expects to contribute £0.45 million to its defined benefit pension plans in 2009.

GENERAL MOTORS UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2008

17. PENSIONS (continued)

Financial Reporting Standard 17 "Retirement Benefits" (continued)

The major categories of plan assets are as follows:

	VACPF and GMRPP	
	Value at 31 December 2008 £m	Value at 31 December 2007 £m
Equities	49.6	58.6
Property	7.7	9.6
Government bonds	97.7	94.1
Non-government bonds	102.3	148.5
Other	2.9	3.4
Total fair value of assets	260.2	314.2

The principal actuarial assumptions at the balance sheet date were:

	VACPF and GMRPP	
	31 December 2008 % pa	31 December 2007 % pa
Inflation	2.75	3.3
Rate of general long-term increase in salaries	3.25	3.8
Rates of increase to pensions in payment		
- Guaranteed LPI (RPI to maximum of 2.5%)	1.85	2.4
- Guaranteed LPI (RPI to maximum of 5%)	2.65	3.3
- ½ RPI to maximum of 3%	1.375	1.7
Discount rate for scheme liabilities	-	5.9
- Retirees Plan	9.25	-
- VACPF	6.25	-
Expected return on plan assets		
- Retirees Plan	7.30	6.10
- VACPF	6.25	6.15

Life expectancies used in the mortality assumptions:

	VACPF and GMRPP	
	Life expectancy of a member currently aged 65	Life expectancy at age 65 of a member currently aged 45
Retirees Plan		
- Male	20.8	23.1
- Female	22.6	23.7
VACPF		
- Male	19.0	21.2
- Female	18.1	19.6

GENERAL MOTORS UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2008

17. PENSIONS (continued)

Financial Reporting Standard 17 "Retirement Benefits" (continued)

Amounts for the current and previous four years are as follow:

	VACPF and GMRPP				
	2008 £m	2007 £m	2006 £m	2005 £m	2004 £m
Defined benefit obligation	(217.0)	(267.5)	(269.1)	(290.7)	(299.5)
Plan assets	260.2	314.2	321.4	332.3	330.7
	<u>43.2</u>	<u>46.7</u>	<u>52.3</u>	<u>41.6</u>	<u>31.2</u>
Adjustment for irrecoverable surplus	(46.2)	(48.4)	(55.1)	(46.2)	(34.6)
Deficit	<u>(3.0)</u>	<u>(1.7)</u>	<u>(2.8)</u>	<u>(4.6)</u>	<u>(3.4)</u>
Experience adjustments on plan liabilities	0.8	(1.1)	0.7	12.1	12.0
Experience adjustments on plan assets	(58.2)	(10.1)	0.5	2.9	(0.9)
Lump sum limit change not credited to P&L for Retirees Plan	-	-	1.2	-	-
Changes in assumptions underlying the present value of the scheme liabilities	53.6	5.6	7.8	(4.9)	(5.3)
Increase in irrecoverable surplus	2.2	6.7	(8.9)	(11.6)	(6.7)
Actuarial (loss)/gain recognised in the Statement of Total Recognised Gains and Losses	(1.6)	1.1	1.3	(1.5)	(0.9)
Cumulative amount of actuarial (loss)/gain recognised in the Statement of Total Recognised Gains and Losses brought forward	<u>(1.9)</u>	<u>(3.0)</u>	<u>(4.3)</u>	<u>(2.8)</u>	<u>(1.9)</u>
Cumulative amount of actuarial (loss)/gain recognised in the Statement of Total Recognised Gains and Losses carried forward	<u>(3.5)</u>	<u>(1.9)</u>	<u>(3.0)</u>	<u>(4.3)</u>	<u>(2.8)</u>

For the VMLPP, the whole assets and liabilities (not just those relating to General Motors UK Limited) updated to 31 December 2008 on the assumptions above were as follows:

	VMLPP	
	2008 £m	2007 £m
Assets	926.3	1,257.8
Liabilities	(1,435.6)	(1,469.0)
Deficit in scheme	<u>(509.3)</u>	<u>(211.2)</u>

GENERAL MOTORS UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2008

18. CALLED UP SHARE CAPITAL

	2008 £m	2007 £m
Authorised, called up, allotted and fully paid: 45,875,463 (2007 – 45,875,463) ordinary shares of £1 each	45.9	45.9

19. RESERVES

Unrealised exchange gains of £6.0 million (2007: £13.0 million) have been included in the profit and loss account.

	Capital reserve £m	Share-based payment reserve £m	Profit and loss account £m
At 1 January 2008	0.1	0.7	(454.5)
Loss for the financial year	-	-	(226.8)
Actuarial loss for the financial year	-	-	(1.6)
Movement in shares to be issued in relation to the GMSIP	-	0.1	-
Transfer from share-based payment reserve (note 8)	-	(0.8)	0.8
Total movement/(loss) for the financial year	-	(0.7)	(228.2)
At 31 December 2008	0.1	-	(682.1)

20. COMMITMENTS

(a) Capital expenditure authorised and commitments not provided in these accounts are:

	2008 £m	2007 £m
Committed	4.0	0.4

(b) At 31 December 2008 the Company was committed to make the following payments during the next year in respect of operating leases:

	Land and buildings 2008 £m	Other 2008 £m	Land and buildings 2007 £m	Other 2007 £m
Leases which expire:				
Within two to five years	2.0	-	2.0	-
After five years	4.4	-	4.2	0.6
	6.4	-	6.2	0.6

GENERAL MOTORS UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2008

20. COMMITMENTS (continued)

(c) The Company has derivatives which are not included at fair value in the accounts:

	Principal	Principal	Fair value of asset/ (liability)	Fair value of asset/ (liability)
	2008	2007	2008	2007
	£m	£m	£m	£m
Forward foreign exchange contracts	208.6	323.7	33.8	12.7
Foreign currency options	232.9	256.3	63.9	14.1

The Company uses the derivatives to hedge its exposures to changes in foreign currency exchange rates arising from foreign currency purchases and to manage its exposure to interest rate movements on its bank borrowings. The fair values are based on market values of equivalent instruments at the balance sheet date.

21. ULTIMATE PARENT COMPANY

At 31 December 2008, the ultimate parent company and controlling entity of the Company, and parent of the largest group for which consolidated accounts are prepared of which this Company is a part, was General Motors Corporation, a company registered in the State of Delaware USA. The financial statements of General Motors Corporation are available from Global Headquarters, 300 Renaissance Centre, PO Box 300, Detroit, Michigan, 48265 - 3000 USA.

The immediate parent company and controlling entity of the Company is GM Automotive UK, a company incorporated in Great Britain and registered in England and Wales. The parent of the smallest group for which consolidated accounts are prepared of which this company is a part is General Motors Corporation.

22. RELATED PARTY DISCLOSURES

The Company is taking advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with General Motors Corporation group companies or interests of the General Motors Corporation group who are related parties.

- (a) On 2 January 2007 the Company agreed a new 5 year lease with the Vauxhall Motors Limited Pension Plan ("the Pension Plan") on a property occupied by the Company at an annual rent of £0.7 million. This replaced the 15 year lease agreed on 31 December 1991 when the Company simultaneously sold the freehold of the property for £5.8 million and entered into a leaseback transaction with the Pension Plan. The Pension Plan holds an option requiring the Company to repurchase the property at the end of the 5 year period at a price of £6 million.

At 31 December 2008, there was £nil outstanding relating to the current or prior years' rental (2007: £nil), and the Company was committed to amounts totalling £1.9 million (2007: £2.6 million) in respect of future years' rentals.

- (b) On 2 January 2007 the Company agreed a new 5 year lease with the GM Retirees Pension Plan ("the Pension Plan") on a property occupied by the Company at an annual rent of £0.3 million. This replaced the 15 year lease agreed on 22 January 1992 when the Company simultaneously sold the leasehold of the property for £2.3 million and entered into a leaseback transaction with the Pension Plan. The Pension Plan holds an option requiring the Company to repurchase the property at the end of the 5 year period at a price of £2.4 million.

At 31 December 2008, there was £nil outstanding relating to the current year's rental (2007: £nil), and the Company was committed to amounts totalling £0.8 million (2007: £1.1 million) in respect of future years' rentals.

NOTES TO THE ACCOUNTS

Year ended 31 December 2008

23. POST BALANCE SHEET EVENTS

After consultation with members starting 25 February 2009, the benefits for members of the Vauxhall Motors Limited Pension Plan were changed as of 1 June 2009 in order significantly to reduce the ongoing service cost to the Company. In addition, a number of these benefit changes reduced the deficit in the funding of the plan.

On 31 May 2009, ownership of the GM Automotive UK group of companies, of which the Company forms a part, transferred to Adam Opel GmbH. As part of new bridge financing arrangements put in place by Adam Opel GmbH, the Company has granted security over all its current and future intellectual property in respect of amounts owed to the lenders. The guarantee also requires the punctual payment of all amounts owed to the lenders. The value of the guarantee provided by the Company is limited to the lower of the loan amount outstanding by the Company to Adam Opel GmbH arising since 31 May 2009 and the total amount outstanding to the lenders. In addition, the shares of the Company have been pledged by GM Automotive UK in favour of the providers of the new financing as security for the financing provided.