

GENERAL MOTORS UK LIMITED

Report and Financial Statements

30 June 2016

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GENERAL MOTORS UK LIMITED

REPORT AND FINANCIAL STATEMENTS 30 JUNE 2016

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GENERAL MOTORS UK LIMITED

REPORT AND FINANCIAL STATEMENTS 30 JUNE 2016

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J R Fulcher
D Borland
M Wright
S Fesser
P Hope
S Oldfield
C Thexton
R Harvey
J Highnam

SECRETARY

R S Nagi

REGISTERED OFFICE

Griffin House UK1-101-135
Osborne Road
Luton
Bedfordshire LU1 3YT

BANKERS

Barclays Bank PLC
London

ACTUARIES

Towers Watson Limited
MidCity Place
71 High Holborn
London
WC1V 6TP

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

GENERAL MOTORS UK LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The Company manufactures, markets and services Vauxhall branded passenger cars and light vans and supplies vehicles to other General Motors companies, principally in Europe, which are sold under the Opel brand. 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.

The Company is an integral part of the European operations of the General Motors Company ("GMC"), with all aspects of vehicle design and production co-ordinated across Europe, providing each market with a full model range for sale whilst providing economies of scale in manufacturing. From 1 July 2014, a new company established in Europe by GMC took on the entrepreneurial risk in both manufacturing and selling vehicles for GMC's European business. The Company has entered into a contract manufacture and supply agreement with this entity, the effect of which is to provide guaranteed manufacturing and selling margins to the Company for the duration of the agreement.

BUSINESS REVIEW

The Company's activities and results are significantly affected by the European automotive market as a result of the integrated nature of General Motors' European operations, as described in the principal activities section above. GMC continues to demonstrate its commitment to its European operations including the UK. The successful launches of the new Astra late in 2015 followed by the new Astra Sports Tourer in early 2016 are reflected in the increased production volumes at Ellesmere Port shown below. New Astra has already won the two most prestigious car industry accolades in Europe; the "Golden Steering Wheel" and "European Car of the Year".

Safety is paramount to the Company's business and all Zafira B models were recalled during the period to replace the blower motor resistor in every vehicle inspected and the blower motor itself along with the pollen filter in many thousands of vehicles. However, after extensive investigations and constant contact with the Driver Vehicle Safety Agency (DVSA), the Company decided to go further and initiate a second recall to replace the current soldered fuse resistor with a wax fuse resistor and to install a new blower motor and a new moulding at the base of the windscreen to address water ingress at the expense of the GM manufacturer. These robust actions have taken place at no cost to the customer.

On 23 June 2016, a referendum in the United Kingdom returned a result in favour of leaving the European Union (commonly referred to as 'Brexit') by a margin of 52% to 48%. Whilst the longer term political and economic effects of these events are as yet unclear (Article 50 of the Lisbon Treaty, which results in withdrawal within two years, has not yet been activated and there have to date been no substantive negotiations on Britain's future relationship with EU member states), the announcement of the referendum result immediately triggered a significant amount of market turbulence, including sterling falling by 10% against the US dollar and 8% against the euro. Whilst a significant proportion of the Company's purchases are denominated in euro and to a lesser extent US dollar, resulting in an increase in costs of manufacture for vehicles produced in the UK and higher import costs for vehicles purchased from other General Motors plants, the impact on the Company's profit before tax is limited due to the existence of the contract manufacture and supply agreement referred to above which provides guaranteed manufacturing and selling margins to the Company for the duration of the agreement.

Total UK Passenger Car sales in the eighteen month period ended 30 June 2016 were 404,441 cars (six months ended 30 December 2014: 125,840 cars) with a market share of 9.95%, a decrease of 0.75% over the equivalent period. For the eighteen month period ended 30 June 2016, the Total UK Passenger Car Market reported an increase of 5.2% (six months ended 30 December 2014: 8.1% increase). The UK is GMC's fourth largest market globally, and the largest in Europe.

Within the UK, Vauxhall's share of the retail car market for the eighteen month period was 9.3% (six months ended 30 December 2014: 9.9%) and retail volume decreased by 5,409 units compared to the equivalent period. Fleet car market share was 10.6% (six months ended 30 December 2014: 11.5%) with volume decreasing by 3,770 units compared to the equivalent period.

Vauxhall's Total Light Commercial Vehicle market share increased from 9.7% for the six months ended 30 December 2014 to 11.2% for the eighteen month period ended 30 June 2016; sales volume increased by 9,697 units compared to the equivalent period in a market which reported a 10.9% overall increase. The Vivaro won Fleet Van of the Year at the Motor Transport Awards and Best Medium Panel Van at the Commercial Fleet Awards. It was also named Medium Van of the Year, for the second year running, at the 2016 What Van? Awards, while the previous generation Vivaro picked up the Used Van of the Year title.

STRATEGIC REPORT continued

Total production volume at Ellesmere Port for the period was 151,715 units (six months ended 30 December 2014: 36,968 units). Line speed increased in comparison to the prior period to accommodate demand for the new Astra model. This was also reflected in export volumes, reaching 211,284 units for the period (six months ended 30 December 2014: 26,050 units).

FINANCIAL REVIEW

Operating profit decreased from £4.1 million in the six months ended 30 December 2014 to £3.4 million in the eighteen month period ended 30 June 2016. This was mainly due to increased distribution and administrative expenses, offset by increased gross profits on the proportionately higher turnover for the longer accounting period.

The Company reported a profit before tax in the eighteen month period ended 30 June 2016 of £12.4 million (six months ended 30 December 2014: profit of £41.0 million). The reduction in reported profit before tax reflects the inclusion of a profit of £28.6 million in the comparative period which arose from the Company reaching agreement with the trustees of one of the Company's pension schemes that in return for certain pension benefit augmentations for members amounting to £9.8 million, the remaining surplus in the scheme, net of future ongoing expenses, would be available to the Company to assist in it meeting other pension obligations. Of this £28.6 million, £22.2 million was recorded in other finance income and £6.4 million within operating profit as a credit against past service costs. In addition, the comparative period also included an exceptional profit of £16.6 million on disposal of freehold land and a reversal of impairment of tangible fixed assets of £13.7 million. In the current period a £7.8 million exceptional profit was made on the disposal of freehold land.

During the period the Directors have reviewed the amount of deferred tax asset expected to be recovered based upon the forecast timing and level of future taxable profits. As a result of this review and in light of further evidence of long-term support of General Motors Company to its European operations, the Directors have partly recognised the deferred tax assets of the Company, leading to a deferred tax credit recorded in profit and loss of £167.6 million.

Tangible fixed assets increased from £101.8 million at 30 December 2014 to £325.3 million at 30 June 2016, principally due to the investment in production equipment for the new Astra at Ellesmere Port. Additions in all categories amounted to £266.9 million, with total depreciation charged during the period of £41.5 million.

Current assets increased from £771.9 million at 30 December 2014 to £959.0 million at 30 June 2016 principally due to a £167.6 million increase in deferred tax assets, a £31.6 million increase in cash balances due to payment run timing in the month and a build-up of stock in anticipation of plant shutdown in summer resulting in a £47.4 million increase, partly offset by a reduction in inter-company debtors of £70.7 million.

Current liabilities increased from £1,311.6 million at 30 December 2014 to £1,556.2 million at 30 June 2016. This principally reflects an increase in trade creditors of £136.8 million as a result of an increase in trade and related purchases and the date of the payment run in June which has meant a higher balance, an increase in vehicle repurchase obligations of £72.3 million due to higher volumes and a change in vehicle mix and an increase in inter-company liabilities of £24.8 million.

Net liabilities excluding net pension assets reduced by £182.9 million to £434.8 million (30 December 2014 - £617.7 million) resulting from the changes described above. The recognised pension scheme surplus has decreased by £5.5 million to £14.7 million, although the principal pension scheme of which the Company's employees are a part is a multi-employer plan for which it is not possible to separate out the assets and liabilities of the scheme between the different group companies which contribute to it and hence which is accounted for on a defined contribution basis. The deficit on this scheme at 30 June 2016 was £1,004.5 million (30 December 2014 - £840.3 million).

FUTURE DEVELOPMENTS

Several new models are expected from early 2017. The Insignia Grand Sport and derivatives will be followed closely by two new crossover models, the Crossland X and the Grandland X. The Directors do not anticipate any significant changes in the activity level of the Company in the coming year.

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 is set out in Note 1 to the financial statements.

The most important components of financial risk are liquidity risk, cash flow risk, interest rate risk, currency risk and price risk. During the period, these financial risks were managed by the treasury function of Adam Opel AG ("Adam

GENERAL MOTORS UK LIMITED

STRATEGIC REPORT continued

Opel”) which provides the Company’s inter-company funding. 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.

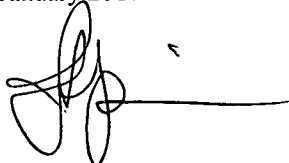
- The Company is reliant on funding from the European treasury operations of Adam Opel. To meet its liquidity needs Adam Opel is itself reliant on a revolving credit facility from a subsidiary of GMC. The revolving credit facility expires on 3 January 2018. To the extent that the Adam Opel group, including the Company, does not remain within its borrowing limits, or generate sufficient funds to enable repayment of the revolving credit facility over this period, it will require additional financing to continue in operation. This exposes the Company to liquidity risk as there is no certainty that such additional financing will be forthcoming. The Directors continue to monitor and manage this risk through timely discussions with GMC with respect to the Company’s liquidity position and borrowing requirements.
- The Company operates in a competitive industry with relatively high fixed costs and where demand for vehicles has remained subdued. 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.
- 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 or other 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.
- Breaches of environmental, health and safety and other laws and regulations could restrict the Company’s activities, expose it to liability, increase costs and have an adverse effect on results of operations, cash flow and its financial condition.
- The Vauxhall Motors Limited Pension Plan and the Vauxhall and Associated Companies Pension Fund are currently in deficit and current economic conditions which affect the returns earned on plan assets remain uncertain. Increases in funding from the Company required to make good the deficit could adversely affect cash flow and the financial condition of the Company.

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

J Highnam

Director

24 January 2017

A handwritten signature in black ink, consisting of a stylized 'J' followed by a horizontal line and a small flourish.

GENERAL MOTORS UK LIMITED

DIRECTORS' REPORT

The Directors of General Motors UK Limited ("the Company") present their report together with the audited financial statements and independent auditor's report for the eighteen month period ended 30 June 2016.

GOING CONCERN

After review, the Directors continue to adopt the going concern basis in preparing the financial statements. Please refer to note 1 to the financial statements.

DIVIDENDS

No dividends were paid during the eighteen months ended 30 June 2016 (six months ended 30 December 2014: £nil). No final dividend is proposed for the eighteen months ended 30 June 2016 (six months ended 30 December 2014: £nil).

EMPLOYEE POLICIES

The Company operates an Equal Opportunities policy that is applied to all employees, contractors and agencies working for the Company. Current Human Resources policies are available for all employees to view on the Company intranet site. Quarterly consultation meetings are held with the hourly and staff negotiating committees of the Unite Union in order to review operational issues and Human Resources policies and procedures.

EMPLOYMENT OF DISABLED PERSONS

The Company actively employs disabled persons 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.

FIXED ASSETS

The Directors consider the aggregate carrying value of land 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.

DIRECTORS' INDEMNITIES

The Company maintains insurance in respect of the Directors and officers against any such liabilities as are referred to in Section 232 of the Companies Act 2006.

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 period and since the period end.

S Oldfield	appointed 9 March 2015
C Thexton	appointed 15 June 2015
P Millward	resigned 30 June 2015
T Tozer	resigned 22 September 2015
R Harvey	appointed 23 September 2015
A Kibe	appointed 23 July 2015
	resigned 1 December 2015
J Highnam	appointed 1 December 2015

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

GENERAL MOTORS UK LIMITED

DIRECTORS' REPORT continued

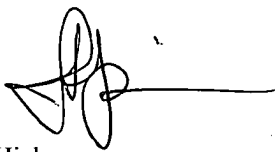
AUDITOR

In accordance with the provisions of Section 418 of the Companies Act 2006, 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 auditor is 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 auditor is aware of that information.

Deloitte LLP have expressed their willingness to continue in office as auditor 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 auditor's remuneration.

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

A handwritten signature in black ink, consisting of a stylized 'J' followed by a horizontal line.

J Highnam

Director

24 January 2017

GENERAL MOTORS UK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. 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). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 AUDITOR'S REPORT TO THE MEMBERS OF GENERAL MOTORS UK LIMITED

We have audited the financial statements (the "financial statements") of General Motors UK Limited for the eighteen month period ended 30 June 2016 which comprise the profit and loss account, the statement of total recognised gains and losses, the reconciliation of movement in shareholders' deficit, the balance sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether: the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the Company's profit for the eighteen month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared 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 matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches visited by us; or
- the financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Hadleigh Shekle FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

24 January 2017

GENERAL MOTORS UK LIMITED

PROFIT AND LOSS ACCOUNT

Eighteen month period ended 30 June 2016

	Note	Eighteen month period ended 30 Jun 16 £m	Six month period ended 30 Dec 14 £m
TURNOVER	2	6,314.1	1,869.5
Cost of sales		(6,102.1)	(1,796.9)
GROSS PROFIT		212.0	72.6
Distribution costs		(170.6)	(61.4)
Administrative expenses		(38.0)	(7.1)
OPERATING PROFIT	3	3.4	4.1
Exceptional profit on disposal of fixed assets	9	7.8	16.6
Net interest receivable/(payable)	4	0.1	(2.4)
Other finance income	18	1.1	22.7
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12.4	41.0
Tax credit on profit on ordinary activities	5	165.5	18.0
PROFIT FOR THE FINANCIAL PERIOD	20	177.9	59.0

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

GENERAL MOTORS UK LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Eighteenth month period ended 30 June 2016

	Eighteen month period ended 30 June 16 £m	Six month period ended 30 Dec 14 £m
Profit for the financial period	177.9	59.0
Share of actuarial (loss)/profit recognised in the pension scheme (note 18)	(0.7)	7.4
TOTAL RECOGNISED GAINS AND LOSSES	177.2	66.4

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT Eighteen month period ended 30 June 2016

	Eighteen month period ended 30 June 16 £m	Six month period ended 30 Dec 14 £m
Profit for the financial period	177.9	59.0
Other gains and losses relating to the period	(0.7)	7.4
Capital contribution	-	20.0
Movement in share-based payments reserve (note 20)	0.2	-
NET DECREASE IN SHAREHOLDERS' DEFICIT	177.4	86.4
Opening shareholders' deficit	(597.5)	(683.9)
CLOSING SHAREHOLDERS' DEFICIT	(420.1)	(597.5)


GENERAL MOTORS UK LIMITED

BALANCE SHEET

30 June 2016

	Note	30 June 16 £m	30 Dec 14 £m
FIXED ASSETS			
Tangible assets			
- Land, buildings, plant, machinery and equipment	9	83.3	75.6
- Special tools, jigs and dies	10	242.0	26.2
Investments			
- Other investments	11	22.2	22.9
		<u>347.5</u>	<u>124.7</u>
CURRENT ASSETS			
Stocks	12	655.8	608.4
Debtors	13	89.3	148.8
Deferred tax asset	13	181.5	13.9
Cash at bank and in hand		32.4	0.8
		<u>959.0</u>	<u>771.9</u>
CREDITORS:			
Amounts falling due within one year	14	(1,556.2)	(1,311.6)
NET CURRENT LIABILITIES		<u>(597.2)</u>	<u>(539.7)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(249.7)</u>	<u>(415.0)</u>
CREDITORS:			
Amounts falling due after more than one year	15	(0.1)	(6.9)
PROVISIONS FOR LIABILITIES	16	<u>(185.0)</u>	<u>(195.8)</u>
NET LIABILITIES EXCLUDING NET PENSION ASSETS		<u>(434.8)</u>	<u>(617.7)</u>
PENSION SCHEME ASSET		25.1	28.6
PENSION SCHEME LIABILITY		<u>(10.4)</u>	<u>(8.4)</u>
NET PENSION SCHEME ASSET	18	<u>14.7</u>	<u>20.2</u>
NET LIABILITIES INCLUDING NET PENSION ASSETS		<u>(420.1)</u>	<u>(597.5)</u>
CAPITAL AND RESERVES			
Called up share capital	19	848.5	848.5
Capital reserve	20	20.1	20.1
Share-based payments reserve	20	1.4	1.2
Profit and loss account	20	(1,290.1)	(1,467.3)
SHAREHOLDERS' DEFICIT		<u>(420.1)</u>	<u>(597.5)</u>

These financial statements were approved by the Board of Directors on 24 January 2017 and are signed on its behalf by:


J Highnam
Director

GENERAL MOTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Eighteen month period ended 30 June 2016

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 period, 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 30 June 2016 shows that the Company had net current liabilities of £597.2 million and net liabilities of £420.1 million.

In July 2014 a subsidiary of General Motors Company ("GMC") renewed and extended the Adam Opel group's revolving loan agreement. This new agreement extended the repayment date on borrowings under the facility to 3 January 2018 and removed financial covenants. The Directors are satisfied that, as at the date of approval of these financial statements, having made appropriate enquires of management of the Adam Opel group, the group will remain within its borrowing limits for a period of not less than 12 months from the date of approval of these financial statements, and thus that the Company will continue to meet its liabilities as they fall due. Accordingly the Directors continue to adopt the going concern basis in preparing the financial statements.

Consolidated accounts

Consolidated accounts have not been prepared because the Company's results are consolidated in the publicly available accounts of General Motors Company, 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 its 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 Company, 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

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 per cent 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.

GENERAL MOTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Eighteen month period ended 30 June 2016

1. ACCOUNTING POLICIES continued

Fixed asset and special tool leasing

For operating leases, the annual rentals 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, in accordance with United Kingdom Generally Accepted Accounting Practice, 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. Where the underlying asset is impaired, all amounts deferred in respect of grants for such assets are credited to income.

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 period 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.

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").

GENERAL MOTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Eighteen month period ended 30 June 2016

1. ACCOUNTING POLICIES continued

Pension costs continued

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 in the financial statements of General Motors UK Limited. The pension cost charged in the financial statements in respect of the VMLPP represents the contributions payable by the Company during the period. 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. To the extent that a refund is agreed from a surplus that was not previously recognised due to the capping rules, the credit is recognised in the profit and loss account as other finance income adjacent to interest. If a refund is agreed from a surplus that was regarded as recoverable, and hence recognised on the balance sheet, a gain does not arise. Any further unrecognised surplus is offset against any past service costs or losses on settlements or curtailments that would have been charged in the profit and loss account in the period.

In addition to the contributions to the “defined benefit” type pension plans the company makes contributions to a “defined contributions” type scheme named the Vauxhall Defined Contribution Pension Plan (“VDCPP”). The VDCPP is administered by Fidelity on behalf of the Plan Trustee and its assets are held by independent managers.

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. Such agreements are less than one year in duration. 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. In such cases the company does not recognise turnover on the initial sale and the vehicles are retained within stock, with a creditor being recognised for the contracted buyback price. Income under such agreements, measured as the difference between the initial sale price and the buyback price, is credited on a straight-line basis over the term of the agreement, with a corresponding cost recognised over the term of the agreement based on the difference between vehicle cost, including estimated costs of resale, and the expected net realisable value.

GENERAL MOTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Eighteen month period ended 30 June 2016

1. ACCOUNTING POLICIES continued

Share-based payment

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

Equity-settled share-based payments were measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. Fair value of options is based on the Black-Scholes pricing model otherwise market value at date of grant is used. 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. At each balance sheet date, the Company revises its estimate of the number of shares expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve within shareholders' funds.

2. TURNOVER

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

	Eighteen month period ended 30 June 16 £m	Six month period ended 30 Dec 14 £m
Geographical analysis of turnover by destination:		
United Kingdom	5,033.7	1,581.1
Rest of Europe	1,280.4	288.4
	<u>6,314.1</u>	<u>1,869.5</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 interests of the Company.

3. OPERATING PROFIT

	Eighteen month period ended 30 June 16 £m	Six month period ended 30 Dec 14 £m
Operating profit is arrived at after charging/(crediting)		
Depreciation of land, building, plant machinery and equipment	7.8	1.6
Depreciation of special tools, jigs and dies	33.7	-
Reversal of past impairment losses on tangible fixed assets	-	(13.7)
Foreign exchange loss/(gain)	14.9	(3.9)
Rentals under operating leases		
- hire of plant and machinery	0.5	0.7
- other operating leases	2.3	4.1
Loss on disposal of tangible fixed assets	-	1.3
Pension scheme surplus recognised in the period	-	(6.4)
Auditor's remuneration		
- Audit fees		
Fee payable to the Company's auditor for the audit of the Company's accounts for the period	0.7	0.4
- Non-audit fees		
Other services supplied under section 404 of the US Sarbanes-Oxley Act 2002	0.2	0.1
	<u>0.2</u>	<u>0.1</u>

GENERAL MOTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Eighteen month period ended 30 June 2016

4. NET INTEREST RECEIVABLE/(PAYABLE)

	Eighteen month period ended 30 June 16 £m	Six month period ended 30 Dec 14 £m
Interest payable		
- loans from group undertakings	(1.7)	(2.8)
Total interest payable	<u>(1.7)</u>	<u>(2.8)</u>
Interest receivable		
- loans to group undertakings	1.1	0.1
- other	0.7	0.3
Total interest receivable	<u>1.8</u>	<u>0.4</u>
Net interest receivable/(payable)	<u>0.1</u>	<u>(2.4)</u>

5. TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES

	Eighteen month period ended 30 June 16 £m	Six month period ended 30 Dec 14 £m
Current tax:		
UK corporation tax at 20.23% (six months ended 30 December 2014: 21%)	3.2	4.1
Adjustment in respect of prior periods	(5.3)	-
Current tax (charge)/credit	<u>(2.1)</u>	<u>4.1</u>
Deferred tax (note 17)	167.6	13.9
	<u>165.5</u>	<u>18.0</u>

The tax assessed for the period differs to that resulting from applying the standard rate of corporation tax in the UK of 20.23% (six months ended 30 Dec 2014: 21%). The differences are explained below:

	Eighteen month period ended 30 June 16 £m	Six month period ended 30 Dec 14 £m
Profit on ordinary activities before tax	<u>12.4</u>	<u>41.0</u>
Tax at UK rate of 20.23% (six months ended 30 Dec 2014: 21%) thereon	<u>(2.5)</u>	<u>(8.6)</u>
Effects of:		
Non-taxable income and expenses not deductible for tax purposes	2.2	2.6
Capital allowances in excess of depreciation	5.7	5.5
Other timing differences	(0.6)	4.6
Capital gain	(1.6)	-
Prior period adjustments	(5.3)	-
Current tax (charge)/ credit for the period	<u>(2.1)</u>	<u>4.1</u>

GENERAL MOTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Eighteen month period ended 30 June 2016

6. EMPLOYEES

	Eighteen month period ended 30 June 16 No.	Six month period ended 30 Dec 14 No.
a. Average monthly number including executive directors:		
Salaried	885	824
Hourly	1,844	1,634
	<u>2,729</u>	<u>2,458</u>
	£m	£m
b. Costs		
Wages and salaries	160.5	43.8
Social security costs	14.5	3.6
Pension costs (note 18)	116.5	49.0
	<u>291.5</u>	<u>96.4</u>

7. EMOLUMENTS OF DIRECTORS

	Eighteen month period ended 30 June 16 £'000	Six month period ended 30 Dec 14 £'000
Directors' emoluments	2,890.5	622.6
Aggregate of contributions paid in respect of money purchase pension schemes	<u>23.3</u>	<u>3.6</u>
	No.	No.
Number of Directors who received, or became eligible to receive, shares during the period	<u>9</u>	<u>-</u>
	No.	No.
Number of Directors who are members of a money purchase pension scheme	5	3
Number of Directors who are members of a defined benefit pension scheme	<u>7</u>	<u>6</u>
	£'000	£'000
In respect of the highest paid Director:		
Aggregate emoluments	508.3	176.0
Contributions paid in respect of a money purchase pension scheme	-	-
Annual pension accrued under a defined benefit pension scheme	<u>33.2</u>	<u>-</u>

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

GENERAL MOTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Eighteen month period ended 30 June 2016

8. SHARE-BASED PAYMENTS

General Motors UK Limited's incentive scheme awards outstanding at 30 June 2016 consists of awards granted under the 2014 Long-Term Incentive Plan and the 2009 Long-Term Incentive Plan. The 2014 Long-Term Incentive Plan ("2014 GMLTIP") which awards Restricted Stock Units ("RSU"s), Performance Stock Units ("PSU"s) and Stock Options ("Options") replaced the 2009 Long-Term Incentive Plan ("2009 GMLTIP"). The 2014 GMLTIP is administered by the Executive Compensation Committee of the board of directors of General Motors Company ("GM").

Awards granted under the 2014 GMLTIP become non-forfeitable following a three year service period from the date of grant. New shares are issued one for one upon settlement of RSUs and PSUs. The cost of new grants of RSUs, PSUs and Options is based on the fair US dollar value of GM common stock on the date of grant. Two-fifths of Options awarded are exercisable approximately 19 months after the date of grant and the remainder vest rateably over the next three years based on the performance of GM common stock. Options expire 10 years from the grant date.

Details of the RSUs, PSUs and Options outstanding during the period are as follows:

	Eighteen month period ended 30 June 2016		Six month period ended 30 Dec 2014	
	Number (‘000)	Weighted average price (£)	Number (‘000)	Weighted average price (£)
Outstanding at beginning of the period	18.3	21.57	18.3	19.69
Vested	(6.5)	20.09	-	
Transfers out	(9.6)	20.81	-	
Granted during the period	77.5	20.33	-	
Outstanding at the end of the period	<u>79.7</u>	<u>23.25</u>	<u>18.3</u>	<u>21.57</u>

The awards outstanding at 30 June 2016 had a weighted average remaining contractual life of 3.1 years (30 December 2014: 2.0 years). Awards were made on 11 February 2015, 28 July 2015 and 10 February 2016 (2014: between 13 February and 11 June 2014) and the aggregate of the estimated fair values of the awards made is £0.7m (30 December 2014: £nil) all of which in both years relates to the Directors. The Company recognises these amounts as total expenses related to equity-settled share-based payment transactions.

GENERAL MOTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Eighteen month period ended 30 June 2016

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

	Freehold land and buildings	Long leasehold land and buildings	Plant, machinery and equipment	Assets in the course of construction	Total
	£m	£m	£m	£m	£m
Cost					
At 31 December 2014	409.1	8.7	396.8	28.2	842.8
Additions	-	-	16.9	0.5	17.4
Transfers	-	-	12.8	(12.8)	-
Disposals	(1.6)	-	(9.4)	-	(11.0)
At 30 June 2016	407.5	8.7	417.1	15.9	849.2
Accumulated depreciation					
At 31 December 2014	377.3	7.4	382.0	0.5	767.2
Charge for the period	1.4	0.1	6.3	-	7.8
Disposals	(0.1)	-	(9.0)	-	(9.1)
At 30 June 2016	378.6	7.5	379.3	0.5	765.9
Net book value					
At 30 June 2016	28.9	1.2	37.8	15.4	83.3
At 30 December 2014	31.8	1.3	14.8	27.7	75.6

In March 2015 freehold land was disposed of for £10.5m, realising an exceptional profit of £7.9m after tax. No tax was due on the transaction.

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

	£m
Cost	
At 31 December 2014	148.9
Additions	249.5
Disposals	(0.2)
At 30 June 2016	398.2
Amortisation	
At 31 December 2014	122.7
Charge for the period	33.7
Disposals	(0.2)
At 30 June 2016	156.2
Net book value	
At 30 June 2016	242.0
At 30 December 2014	26.2

GENERAL MOTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Eighteen month period ended 30 June 2016

11. FIXED ASSET INVESTMENTS

Other investments

	30 June 16 £m Cost	30 June 16 £m Provision	30 June 16 £m Net	30 Dec 14 £m Net
Investments in dealership subsidiaries	12.8	-	12.8	12.8
Loans to dealership subsidiaries	6.4	-	6.4	7.3
Investments in other dealerships	2.5	-	2.5	2.3
Loans to other dealerships	0.2	-	0.2	0.2
Other investments	0.3	-	0.3	0.3
	<u>22.2</u>	<u>-</u>	<u>22.2</u>	<u>22.9</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 30 June 2016, General Motors UK Limited's share of investments in dealerships ranged between 1% and 100%.

Information in respect of movements during the period:

	Dealership Subsidiaries		Dealership Investments		Other	Total
	Inv'ts £m	Loans £m	Inv'ts £m	Loans £m	Inv'ts £m	£m
Balance at 31 December 2014	12.8	7.3	2.3	0.2	0.3	22.9
Additions	1.7	0.3	0.2	-	-	2.2
Redemptions, sales and repayments	(1.7)	(1.2)	-	-	-	(2.9)
Balance at 30 June 2016	<u>12.8</u>	<u>6.4</u>	<u>2.5</u>	<u>0.2</u>	<u>0.3</u>	<u>22.2</u>

Dealership subsidiaries are detailed below. All companies shown are incorporated within the United Kingdom, and the principal activities in all cases are purchasing, selling and repairing of motor vehicles and other ancillary services, except for Motors Properties Ltd which is a holding company.

Company	Class of share	Holding
Go Motor Retailing Ltd	Preference	100%
	Ordinary	100%
Motors Properties (Trading) Ltd	Ordinary	100%
Baylis (Gloucester) Ltd	Preference	100%
	Ordinary 'A' shares	100%
Vision Motors Ltd	Preference	100%
Sherwoods (Darlington) Ltd	Preference	100%
Vickers (Lakeside) Ltd	Ordinary 'C' shares	100%

GENERAL MOTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Eighteen month period ended 30 June 2016

12. STOCKS

	30 June 16 £m	30 June 16 £m	30 Dec 14 £m	30 Dec 14 £m
Raw materials and work in progress		56.5		37.5
Finished product:				
Motor vehicles	333.0		364.2	
Parts and accessories	28.3		26.8	
Total finished goods		361.3		391.0
Motor vehicles sold under sale and repurchase agreements		238.0		179.9
		655.8		608.4

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

13. DEBTORS

	30 June 16 £m	30 Dec 14 £m
Amounts falling due within one year:		
Trade debtors	41.9	36.7
Amounts owed by General Motors Company and fellow subsidiary undertakings	4.8	75.5
Corporation tax	3.9	9.8
Deferred tax (see note 17)	181.5	13.9
Other debtors	33.0	23.1
Prepayments and accrued income	5.7	3.7
	270.8	162.7

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 16 £m	30 Dec 14 £m
Trade creditors	287.2	150.4
Amounts owed to General Motors Company and fellow subsidiary undertakings	755.9	731.1
Taxation and social security	3.8	14.3
Other creditors due within one year	0.3	1.1
Liability for repurchase of specific vehicles sold under sale and repurchase agreements	276.6	204.3
Accruals and deferred income	232.4	210.4
	1,556.2	1,311.6

GENERAL MOTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Eighteen month period ended 30 June 2016

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

	30 June 16 £m	30 Dec 14 £m
Amounts owed to General Motors Company and fellow subsidiary undertakings	-	3.2
Deferred income	0.1	0.7
Other creditors	-	3.0
	<u>0.1</u>	<u>6.9</u>

16. PROVISIONS FOR LIABILITIES

	£m
At 31 December 2014	(195.8)
Utilised in period	158.9
Released in the period	14.4
Charged in the period	<u>(162.5)</u>
At 30 June 2016	<u>(185.0)</u>

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

17. DEFERRED TAXATION

The amount of recognised deferred tax asset is as follows:

	30 June 16 £m	30 Dec 14 £m
Capital allowances in excess of depreciation	93.4	13.9
Short-term timing differences	(2.4)	-
Tax losses	90.9	-
Rollover gains	(0.4)	-
Total deferred tax asset	<u>181.5</u>	<u>13.9</u>

The amounts of unrecognised deferred tax assets/(liabilities) are as follows:

	30 June 16 £m	30 Dec 14 £m
Land and buildings	9.9	13.5
Accelerated capital allowances	-	91.0
Short term timing differences	-	(4.0)
Tax losses	-	98.6
Total unrecognised deferred tax asset related to trading activities	<u>9.9</u>	<u>199.1</u>
Taxes on:		
Capital gains arising on disposal of property that has been deferred under the roll-over provisions	-	(0.4)
Total unrecognised deferred tax asset	<u>9.9</u>	<u>198.7</u>

With effect from 1 July 2014, the Company has entered into a contract manufacture and supply agreement with another group company, the effect of which is to provide guaranteed manufacturing and selling margins to the Company for the duration of the agreement. As a result, the directors have assessed that it is more likely than not that taxable profits will arise in the future and in accordance with United Kingdom Generally Accepted Accounting Practice have recognised a deferred tax asset equal to the value that is expected to be utilised over the period for which taxable profits can be reasonably forecast.

GENERAL MOTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Eighteen month period ended 30 June 2016

17. DEFERRED TAXATION continued

	30 June 16 £m	30 Dec 14 £m
At 31 December 2014	13.9	-
Credited to profit and loss	167.6	13.9
At 30 June 2016	181.5	13.9

A reduction in the UK corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020 was substantively enacted in the Finance Bill 2015. Finance Bill 2016 enacted a further reduction in the main rate of corporation tax to 17% from 1 April 2020. As the Finance Bill 2016 was not substantively enacted by the period end, deferred tax has been recognised at a rate of 18%.

18. 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 the eighteen month period ended 30 June 2016 was £116.5 million (six months ended 30 December 2014: £49.0 million) and relates to the VMLPP, GMRPP and VACPF pension schemes and the VDCPP scheme. Of this total £116.5 million (six months ended 30 December 2014: £39.2 million) related to current service costs. There was no charge to operating profit in relation to past service costs (six months ended 30 December 2014: £9.8 million). Over the period total payments of £2.5 million were made in relation to separation costs (six months ended 30 December 2014: £nil).

Contributions to the Pension Plans

The Company made contributions to the plans in the eighteen month period ended 30 June 2016 of £114.4 million (six months ended 30 December 2014: £39.8 million). During the period special contributions of £2.5 million were made by the Company to cover the cost of separation programmes (six months ended 30 December 2014: £nil).

Effective from 31 March 2016 a new Schedule of Contributions was agreed between the Company and the Trustee of the VML Plan following the completion of the most recent triennial valuation of the VML Plan. Under the agreement the Company agreed to pay £60.5 million per annum over the period from 1 January 2014 to 31 March 2014, £63.8 million pa over the period from 1 April 2014 to 31 March 2015 and £65.0 million from 1 April 2015 to the VML Plan. Payments are made on a monthly basis with the sum payable from 1 April 2015 increasing annually by twice the increase in the Retail Prices Index subject to a maximum annual increase of 10%. The agreed Schedule of Contributions is due to cease on 31 December 2025.

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.

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

GENERAL MOTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Eighteen month period ended 30 June 2016

18. PENSIONS continued

Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

	VACPF and GMRPP	
	30 June 16	30 Dec 14
	£m	£m
Present value of scheme liabilities	(243.6)	(251.1)
Fair value of plan assets	270.0	276.6
	<hr/>	<hr/>
	26.4	25.5
Adjustment for irrecoverable surplus	(36.8)	(43.7)
Adjustment for past service cost	-	9.8
Pension scheme surplus recognised	25.1	28.6
	<hr/>	<hr/>
Net asset recognised in the balance sheet	14.7	20.2
	<hr/>	<hr/>

The amounts recognised in profit or loss are as follows:

	VACPF and GMRPP	
	Eighteen	Six month
	month period	period
	ended	ended
	30 June 16	30 Dec 14
	£m	£m
Employer service cost	0.8	0.5
Past service cost	-	9.8
Offset to past service cost from previously unrecognised pension surplus	-	(6.4)
Expected return on plan assets	(12.5)	(4.9)
Interest on pension scheme liabilities	11.1	4.4
Other finance income: pension scheme surplus recognised in the period	-	(22.2)
Adjustment due to restriction on pension surplus	0.3	-
	<hr/>	<hr/>
	(0.3)	(18.8)
	<hr/>	<hr/>

	VACPF and GMRPP	
	Eighteen	Six month
	month period	period
	ended	ended
	30 June 16	30 Dec 14
	£m	£m
Expected return on plan assets	12.5	4.9
Actuarial gain on plan assets	12.0	15.2
	<hr/>	<hr/>
Actual return on plan assets	24.5	20.1
	<hr/>	<hr/>

GENERAL MOTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Eighteen month period ended 30 June 2016

18. PENSIONS continued

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

	VACPF and GMRPP	
	30 June 16	30 Dec 14
	£m	£m
Opening defined benefit obligation	251.1	233.3
Interest cost	11.1	4.4
Net benefits paid out	(31.6)	(10.6)
Actuarial loss on plan liabilities	13.0	14.2
Past service cost	-	9.8
Closing defined benefit obligation	<u>243.6</u>	<u>251.1</u>

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

	VACPF and GMRPP	
	30 June 16	30 Dec 14
	£m	£m
Opening fair value of plan assets	276.6	266.5
Expected return on assets	12.5	4.9
Contributions by the employer	1.3	1.1
Employer service cost	(0.8)	(0.5)
Net benefits paid out	(31.6)	(10.6)
Actuarial gain on assets	12.0	15.2
Closing fair value of plan assets	<u>270.0</u>	<u>276.6</u>

The major categories of plan assets are as follows:

	VACPF and GMRPP	
	30 June 16	30 Dec 14
	£m	£m
Equities	3.6	3.4
Property	1.6	1.6
Government and non-government bonds	59.5	54.5
Other	205.3	217.1
Total fair value of assets	<u>270.0</u>	<u>276.6</u>

The Company expects to contribute £1.3 million to the VACPF and GMRPP pension plans in the period ending 31 December 2016 for which it accounts on a defined benefit basis.

GENERAL MOTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Eighteen month period ended 30 June 2016

18. PENSIONS continued

The principal actuarial assumptions at the balance sheet date were:

	VACPF and GMRPP	
	30 June 16	30 Dec 14
	% pa	% pa
RPI Inflation	3.00	3.20
CPI Inflation	2.00	2.40
Rates of increase to pensions in payment		
- ½ RPI to maximum of 3% - Retirees Plan	nil	nil
- Post 88 GMP	1.80	2.00
Discount rate for scheme liabilities		
Discount rate for scheme liabilities - Retirees Plan	2.39	3.05
Discount rate for scheme liabilities – VACPF	2.63	3.42
Expected return on plan assets		
Expected return on plan assets - Retirees Plan	2.39	2.95
Expected return on plan assets – VACPF	2.63	5.30

Life expectancies used in the mortality assumptions:

	VACPF and GMRPP	
	Life expectancy	Life expectancy
	of a member	at age 65 of a
	currently aged	member
	65	currently aged
		45
Retirees Plan		
Retirees Plan – Male	22.3	23.7
Retirees Plan – Female	24.3	25.7
VACPF		
VACPF – Male	21.0	22.7
VACPF – Female	23.5	25.3

GENERAL MOTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Eighteen month period ended 30 June 2016

18. PENSIONS continued

Amounts for the current eighteen month period and previous two six month periods and previous two years are as follows:

	VACPF and GMRPP				
	30 June 16 £m	30 Dec 14 £m	30 June 14 £m	31 Dec 13 £m	31 Dec 12 £m
Defined benefit obligation	(243.6)	(251.1)	(233.3)	(235.3)	(255.8)
Plan assets	270.0	276.6	266.5	267.5	290.2
	<u>26.4</u>	<u>25.5</u>	<u>33.2</u>	<u>32.2</u>	<u>34.4</u>
Adjustment for irrecoverable surplus	(36.8)	(43.7)	(40.3)	(39.0)	(42.2)
Adjustment for past service cost	-	9.8	-	-	-
Pension scheme surplus recognised in the period	<u>25.1</u>	<u>28.6</u>	<u>-</u>	<u>-</u>	<u>-</u>
Asset/(deficit)	<u>14.7</u>	<u>20.2</u>	<u>(7.1)</u>	<u>(6.8)</u>	<u>(7.8)</u>
Experience adjustments on plan liabilities	1.4	0.5	-	1.2	(2.4)
Experience adjustments on plan assets	12.3	15.2	5.1	(10.8)	13.5
Changes in assumptions underlying the present value of the scheme liabilities	(14.4)	(14.7)	(4.0)	6.7	(2.1)
Decrease/(increase) in irrecoverable surplus	<u>-</u>	<u>6.4</u>	<u>(1.3)</u>	<u>3.2</u>	<u>(10.9)</u>
Actuarial (loss)/gain recognised in the Statement of Total Recognised Gains and Losses	(0.7)	7.4	(0.2)	0.3	(1.9)
Cumulative amount of actuarial loss recognised in the Statement of Total Recognised Gains and Losses brought forward	<u>(3.4)</u>	<u>(10.8)</u>	<u>(10.6)</u>	<u>(10.9)</u>	<u>(9.0)</u>
Cumulative amount of actuarial loss recognised in the Statement of Total Recognised Gains and Losses carried forward	<u>(4.1)</u>	<u>(3.4)</u>	<u>(10.8)</u>	<u>(10.6)</u>	<u>(10.9)</u>

For the VMLPP, the whole assets and liabilities (not just those relating to General Motors UK Limited) updated to 30 June 2016 on the same actuarial assumptions as set out above were as follows:

	VMLPP	
	30 June 16 £m	30 Dec 14 £m
Assets	1,684.1	1,536.2
Liabilities	<u>(2,688.6)</u>	<u>(2,376.5)</u>
Deficit in scheme	<u>(1,004.5)</u>	<u>(840.3)</u>

GENERAL MOTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Eighteen month period ended 30 June 2016

19. CALLED UP SHARE CAPITAL

	30 June 16 £m	30 Dec 14 £m
Called up, allotted and fully paid:		
848,508,917 (30 December 2014: 848,508,917) ordinary shares of £1 each	848.5	848.5

20. RESERVES

	Capital reserve £m	Share-based payment reserve £m	Profit and loss account £m
At 1 January 2015	20.1	1.2	(1,467.3)
Profit for the financial period	-	-	177.9
Actuarial loss for the financial period	-	-	(0.7)
Movement in shares to be issued in relation to the 2014 GMLTIP	-	0.2	-
Total for the financial period	-	0.2	177.2
At 30 June 2016	20.1	1.4	(1,290.1)

21. COMMITMENTS

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

	30 June 16 £m	30 Dec 14 £m
Committed	84.7	237.7

(b) At 30 June 2016 the Company was committed to make the following payments during the next year in respect of operating leases:

	Land and buildings 30 June 16 £m	30 Dec 14 £m
Leases which expire:		
Within one year	0.8	0.7
Within two to five years	1.4	0.9
After five years	3.4	3.6
	5.6	5.2

GENERAL MOTORS UK LIMITED

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22. ULTIMATE PARENT COMPANY

At 30 June 2016, 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 Company, a company registered in the State of Delaware USA. The financial statements of General Motors Company 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 VHC Sub-Holdings (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 Automotive Holdings S.L., a company registered in Spain. The financial statements of General Motors Automotive Holdings S.L. have been deposited at the commercial register of the City of Zaragoza, Book 2887, page Z-32723.

23. 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 Company group companies or interests of the General Motors Company group who are related parties.

All pensions administration costs are incurred by General Motors UK Limited and then recharged to five plans within the group. The total cost for the eighteen month period to 30 June 2016 was £0.9 million (six months ended 30 December 2014: £0.4 million) and of this £0.2 million (six months ended 30 December 2014: £0.2 million) was outstanding from other group companies at the period end and is included in current debtors.

As detailed in note 18, the Company makes contributions to three of the five pension plans within the group, the Vauxhall Motors Limited Pension Plan ("VMLPP"), the General Motors Retirees Pension Plan ("GMRPP") and the Vauxhall and Associated Companies Pension Fund ("VACPF"). The total pensions administration costs charged to these three plans and included in the figures disclosed above are £0.8 million (six months ended 30 December 2014: £0.5 million) and of this £0.3 million (six months ended 30 December 2014: £0.3 million) was outstanding from other group companies at the period end and is included in current debtors.

In addition, General Motors UK Limited incurs pension investment costs which are charged to the Common Investment Fund into which the five pension plans are invested. The total cost for the eighteen months to 30 June 2016 was £1.0 million (six months ended 30 December 2014: £0.3 million) and of this £0.2 million (six months ended 30 December 2014: £0.3 million) was outstanding from other group companies at the period end and is included in current debtors.