

**Company Registration No. 00135767**

**GENERAL MOTORS UK LIMITED**

**Report and Financial Statements  
for the six months ended 31 December 2016**

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**GENERAL MOTORS UK LIMITED**

**REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2016**

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# **GENERAL MOTORS UK LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 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  
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**

Total UK Passenger Car sales in the six month period ended 31st December 2016 were 118,008 cars (eighteen months ended 30 June 2016: 404,441 cars) with a market share of 9.28%, a decrease of 0.9% over the equivalent prior period. For the six month period ended 31st December 2016, the total UK passenger car market reported an increase of 1.2% (eighteen months ended 30 June 2016: 5.2% increase). The UK is GMC's fifth largest market globally, and the largest in Europe.

Within the UK, Vauxhall's share of the retail car market for the six month period was 8.2% (eighteen months ended 30 June 2016: 9.3%) and retail volume decreased by 7,648 units compared to the equivalent prior period. Fleet car market share was 10.3% (eighteen months ended 30 June 2016: 10.6%) with volume decreasing by 1,676 units compared to the equivalent prior period.

Astra, the 2016 European Car of Year, received a Game-changer award from Autocar, and Best Family Car at the WhatCar? Awards. Mokka X arrived in showrooms in October 2016 along with the refreshed Zafira Tourer.

Vauxhall's total light commercial vehicle market share decreased from 11.2% for the eighteen months ended 30 June 2016 to 9.25% for the six month period ended 31 December 2016; sales volume decreased by 4,160 units compared to the equivalent prior period in a market which reported a 0.9% overall decrease.

Total production volume at Ellesmere Port for the period was 58,655 units (eighteen months ended 30 June 2016: 151,715 units). There was no change to the line speed during this period. Exports amounted to 68,209 units for the period (eighteen months ended 30 June 2016: 211,284 units).

### **FINANCIAL REVIEW**

Operating profit decreased from £102.3 million in the eighteen months ended 30 June 2016 to £19.0 million in the six month period ended 31 December 2016.

The Company reported a profit before tax in the six month period ended 31 December 2016 of £6.6 million (eighteen months ended 30 June 2016: £68.2 million). The reduction in reported profit before tax reflects the lower operating profit resulting from a shorter accounting period noted above, as does the decrease in other finance charges relating to the defined benefit pension schemes of £28.7 million. Net interest payable increased by £3.2 million. In addition, the comparative period also included an exceptional profit of £7.8 million on disposal of freehold land compared to £4.0 million in the current period.

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, the Directors have recognised a deferred tax charge of £138.6 million in profit and loss, with a further reduction in deferred tax assets relating to the Company's pension scheme deficit recorded through other comprehensive income of £60.8 million.

Tangible fixed assets decreased from £325.3 million at 30 June 2016 to £309.1 million at 31 December 2016, principally due to total depreciation charged during the period of £24.1 million.

Current assets decreased from £1,056.6 million at 30 June 2016 to £720.7 million at 31 December 2016 principally due to a £104.5 million decrease in stock, a reduction in cash of £32.1 million and a reduction of £199.4 million in the deferred tax asset.

# **GENERAL MOTORS UK LIMITED**

## **STRATEGIC REPORT continued**

### **FINANCIAL REVIEW continued**

Current liabilities decreased from £1,532.4 million at 30 June 2016 to £1,376.6 million at 31 December 2016. This principally reflects a decrease in amounts owed to group undertakings of £160.1 million and a reduction in trade creditors of £29.4 million offset by an £39.2 million increase in the liability for repurchase of vehicles under sale and repurchase agreements arising from an increase in the number of vehicles under such arrangements.

Net liabilities excluding net pension liabilities increased by £202.6 million to £516.0 million (30 June 2016: £313.4 million) resulting from the changes described above. The net pension liability decreased by £50.4 million to £939.4 million, principally due to a reduction in the deficit on the principal pension scheme of which the Company's employees are a part.

### **FUTURE DEVELOPMENTS**

Several new models will be launched in 2017 including the Insignia Grand Sport and derivatives. Vauxhall will be entering into new and highly beneficial market segments by the subsequent launch of 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.

On 5 March 2017, General Motors Holdings LLC, a wholly owned subsidiary of General Motors Company a limited liability company organised under the laws of the State of Delaware ("GMC") entered into a Master Agreement (the "Agreement") with PSA Group ("PSA"). The Directors' report and Note 24 refer to this event in greater detail.

### **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 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 2019. 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.

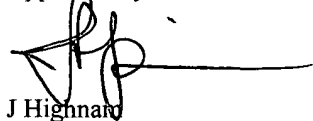
# **GENERAL MOTORS UK LIMITED**

## **STRATEGIC REPORT continued**

### **PRINCIPAL RISKS AND UNCERTAINTIES continued**

- 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.
- The loss of a significant number of key personnel could adversely affect the Company's results of operations, cash flow and financial condition.
- 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% and on 29 March 2017 the UK government triggered Article 50 of the Lisbon Treaty, which will result in the UK's withdrawal from the European Union within two years. Whilst the longer term political and economic effects of these events are as yet unclear, 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 and since this date sterling has remained weak against these currencies when compared to pre-referendum levels. 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, the impact on the Company's profit before tax is limited due to the existence of the contract manufacture and supply agreement referred to below which provides guaranteed manufacturing and selling margins to the Company for the duration of the agreement.

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



J Highnam  
Director  
22 June 2017

# **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 six month period ended 31 December 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.

### **EVENT AFTER THE REPORTING PERIOD**

On 5 March 2017, General Motors Holdings LLC, a wholly owned subsidiary of General Motors Company, a limited liability company organised under the laws of the State of Delaware, entered into a Master Agreement with PSA Group to acquire GMC's Opel and Vauxhall businesses and certain other assets in Europe. Subject to the satisfaction of various closing conditions the transfer of those businesses and assets is expected to close by the end of 2017.

The expected effect on the Company is described in Note 24.

### **DIVIDENDS**

No dividends were paid during the six months ended 31 December 2016 (eighteen months ended 30 June 2016: £nil). No final dividend is proposed for the six months ended 31 December 2016 (eighteen months ended 30 June 2016: £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.

### **STRATEGIC REPORT**

Future developments and financial risks are addressed in the Strategic Report on pages 2 and 3.

### **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 no changes in Directors during the period and since the period end.

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**

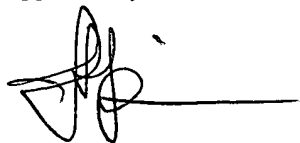
In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who is a Director at the date of approval of this report confirms that:

(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, appearing to be 'J Highnam', followed by a horizontal line extending to the right.

J Highnam  
Director  
22 June 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 of General Motors UK Limited for the six month period ended 31 December 2016 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 24. 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 the 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 annual 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 31 December 2016 and of its loss for the six 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

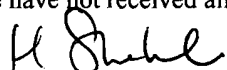
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENERAL MOTORS UK LIMITED**  
**continued**

**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 Directors' 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**  
Statutory Auditor  
London, United Kingdom

26 June 2017

# GENERAL MOTORS UK LIMITED

## PROFIT AND LOSS ACCOUNT

Six month period ended 31 December 2016

	Note	Six month period ended 31 Dec 16 £m	Eighteen month period ended 30 Jun 16 £m
<b>TURNOVER</b>	2	1,959.7	6,314.1
Cost of sales		(1,868.1)	(6,003.2)
<b>GROSS PROFIT</b>		91.6	310.9
Distribution costs		(53.6)	(170.6)
Administrative expenses		(19.0)	(38.0)
<b>OPERATING PROFIT</b>	3	19.0	102.3
Exceptional profit on disposal of fixed assets		4.0	7.8
Net interest (payable)/receivable	4	(3.1)	0.1
Other finance charges	18	(13.3)	(42.0)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		6.6	68.2
Tax (charge)/credit on profit on ordinary activities	5	(138.7)	165.5
<b>(LOSS)/PROFIT FOR THE FINANCIAL PERIOD</b>	19	(132.1)	233.7

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

# **GENERAL MOTORS UK LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME**

**Six month period ended 31 December 2016**

	<b>Six month period ended 31 Dec 16 £m</b>	<b>Eighteen month period ended 30 Jun 16 £m</b>
(Loss)/profit for the financial period	(132.1)	233.7
Other comprehensive income:		
Actuarial gain/(loss) recognised on the pension scheme (note 18)	40.6	(196.9)
Movement on deferred tax relating to pension deficit	(60.8)	97.6
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>(152.3)</b>	<b>134.4</b>

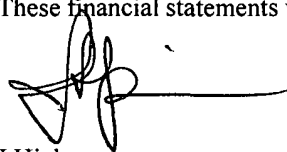
# GENERAL MOTORS UK LIMITED

## BALANCE SHEET

31 December 2016

	Note	31 Dec 16 £m	30 Jun 16 £m
<b>FIXED ASSETS</b>			
Tangible assets			
- Land, buildings, plant, machinery and equipment	9	81.1	83.3
- Special tools, jigs and dies	10	228.0	242.0
Investments			
- Other investments	11	21.7	22.2
		<u>330.8</u>	<u>347.5</u>
<b>CURRENT ASSETS</b>			
Stocks	12	551.3	655.8
Debtors			
-due within one year	13	115.1	105.9
-due after one year	13	54.0	262.5
Cash at bank and in hand		0.3	32.4
		<u>720.7</u>	<u>1,056.6</u>
<b>CREDITORS:</b>			
Amounts falling due within one year	14	(1,376.6)	(1,532.4)
<b>NET CURRENT LIABILITIES</b>		<u>(655.9)</u>	<u>(475.8)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(325.1)</u>	<u>(128.3)</u>
<b>CREDITORS:</b>			
Amounts falling due after more than one year	15	(9.2)	(0.1)
<b>PROVISIONS FOR LIABILITIES</b>	16	<u>(181.7)</u>	<u>(185.0)</u>
<b>NET LIABILITIES EXCLUDING NET PENSION LIABILITY</b>		<u>(516.0)</u>	<u>(313.4)</u>
<b>NET PENSION SCHEME LIABILITY</b>	18	<u>(939.4)</u>	<u>(989.8)</u>
<b>NET LIABILITIES INCLUDING NET PENSION LIABILITY</b>		<u>(1,455.4)</u>	<u>(1,303.2)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	848.5	848.5
Capital reserve	19	20.1	20.1
Share-based payments reserve	19	1.5	1.4
Profit and loss account	19	(2,325.5)	(2,173.2)
<b>SHAREHOLDERS' DEFICIT</b>		<u>(1,455.4)</u>	<u>(1,303.2)</u>

These financial statements were approved by the Board of Directors on 22 June 2017 and are signed on its behalf by:



J Highnam  
Director

# GENERAL MOTORS UK LIMITED

## STATEMENT OF CHANGES IN EQUITY

Period ended 31 December 2016

	Called up share capital £m	Capital reserve £m	Share- based payment reserve £m	Profit and loss account £m	Total £m
<b>At 30 December 2014 as previously stated</b>	848.5	20.1	1.2	(1,467.3)	(597.5)
Changes on transition to FRS 102 (see note 24)	-	-	-	(840.3)	(840.3)
<b>At 30 December 2014 restated</b>	<b>848.5</b>	<b>20.1</b>	<b>1.2</b>	<b>(2,307.6)</b>	<b>(1,437.8)</b>
Profit for the financial period	-	-	-	233.7	233.7
Actuarial loss on defined benefit pension schemes	-	-	-	(196.9)	(196.9)
Movement on deferred tax relating to pension deficit	-	-	-	97.6	97.6
Total comprehensive income	-	-	-	134.4	134.4
Movement in share-based payments reserve	-	-	0.2	-	0.2
<b>At 30 June 2016</b>	<b>848.5</b>	<b>20.1</b>	<b>1.4</b>	<b>(2,173.2)</b>	<b>(1,303.2)</b>
Loss for the financial period	-	-	-	(132.1)	(132.1)
Actuarial gain on defined benefit pension schemes	-	-	-	40.6	40.6
Movement on deferred tax relating to pension deficit	-	-	-	(60.8)	(60.8)
Total comprehensive loss	-	-	-	(152.3)	(152.3)
Movement in share-based payments reserve	-	-	0.1	-	0.1
<b>At 31 December 2016</b>	<b>848.5</b>	<b>20.1</b>	<b>1.5</b>	<b>(2,325.5)</b>	<b>(1,455.4)</b>

# GENERAL MOTORS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Six month period ended 31 December 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 are described below and have been applied consistently in the current and preceding year.

##### General information and basis of accounting

General Motors UK Limited is a company incorporated in England under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements are prepared under the historical cost convention in conformity with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council. The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current period. For more information see note 24.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it under Section 1 paragraph 12. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, remuneration of key management personnel, and disclosure of intra-group related party transactions. The parent of the group in whose consolidated financial statements the Company's financial statements are included is General Motors Company and its financial statements are readily available as set out in note 21.

##### Going concern

The Company's balance sheet at 31 December 2016 shows that the Company had net current liabilities of £655.9 million and net liabilities of £1,455.4 million.

In December 2016 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 2019. 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.

##### Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Fixed assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. 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.



# GENERAL MOTORS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Six month period ended 31 December 2016

### 1. ACCOUNTING POLICIES continued

#### **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.

#### **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.

#### **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.

#### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### *Financial assets and liabilities*

Financial assets and liabilities are initially recorded at transaction price, including transaction costs, unless the arrangement constitutes a financing transaction. The Company's financial assets and liabilities are payable or receivable within one year and are subsequently measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of any impairment.

Financial assets are de-recognised only where the contractual rights to the cash flows from the asset expire or are settled; or if the Company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity; or the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### **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 estimated selling price less costs to sell, which is equivalent to the 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.

# GENERAL MOTORS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Six month period ended 31 December 2016

### 1. ACCOUNTING POLICIES *continued*

#### 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"). Whilst other companies in the General Motors group of companies participate in the VMLPP, the Company is legally responsible for the plan and there is no contractual agreement or stated policy for charging the costs of the defined benefit plan as a whole to other participating employers.

Defined benefit schemes are funded, with the assets of the schemes held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

In accordance with FRS 102 the fair value of the pension schemes is reported in the balance sheet of the Company. The movements in the fair value of the schemes 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.

The net interest cost on the net defined benefit liability is charged or credited to the profit and loss account as other finance charges or income.

Actuarial gains and losses arising from returns on the scheme assets (excluding amounts included in net interest on the defined benefit liability), experience changes affecting scheme liabilities and the effects of any changes to actuarial assumptions are charged or credited immediately to other comprehensive income.

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.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

# **GENERAL MOTORS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Six month period ended 31 December 2016**

### **1. ACCOUNTING POLICIES continued**

#### **Turnover**

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.

#### **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 shareholder's funds.

#### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The areas involving a higher degree of judgement or complexity are described below:

#### **Pension obligations**

The Company has a commitment to pay pension benefits to the members of the VMLPP, GMRPP and the VACPF plans over the long-term. The accounting cost of these benefits and the present value of the pension liabilities depend on such factors as the life expectancy of the members, price inflation and the discount rate used to calculate the net present value of the future pension payments. The Company uses estimates for these factors in determining the pension costs and liabilities incorporated into the financial statements. The assumptions reflect historical experience and the Company's judgement regarding future expectations.

The value of the net pension obligation at 31 December 2016 and the key financial assumptions used to measure the obligation are disclosed in note 18.

#### **Deferred tax**

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits with an assessment of the effect of future tax planning strategies.

# GENERAL MOTORS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Six month period ended 31 December 2016

#### 2. TURNOVER

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

	Six month period ended 31 Dec 16 £m	Eighteen month period ended 30 Jun 16 £m
Geographical analysis of turnover by destination:		
United Kingdom	1,469.1	5,033.7
Rest of Europe	490.6	1,280.4
	<u>1,959.7</u>	<u>6,314.1</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

	Six month period ended 31 Dec 16 £m	Eighteen month period ended 30 Jun 16 £m
An analysis of the Company's revenue is as follows:		
Sale of goods	1,959.7	6,314.1
Interest income	1.1	1.8
Revenue	<u>1,960.8</u>	<u>6,315.9</u>

#### 3. OPERATING PROFIT

	Six month period ended 31 Dec 16 £m	Eighteen month period ended 30 Jun 16 £m
Operating profit is arrived at after charging/(crediting)		
Depreciation of land, building, plant machinery and equipment	3.6	7.8
Depreciation of special tools, jigs and dies	20.5	33.7
Cost of inventory recognised as an expense	1,852.8	5,512.8
Impairment loss on inventory	(0.4)	4.7
Foreign exchange loss	10.4	14.9
Rentals under operating leases		
- hire of plant and machinery	0.2	0.5
- other operating leases	4.1	2.3
Auditor's remuneration		
- Audit fees		
Fee payable to the Company's auditor for the audit of the Company's accounts for the period	0.4	0.7
- Non-audit fees		
Other services supplied under section 404 of the US Sarbanes-Oxley Act 2002	0.2	0.2
	<u>0.2</u>	<u>0.2</u>

Impairment losses on inventory are included in cost of sales.

# GENERAL MOTORS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Six month period ended 31 December 2016

### 4. NET INTEREST (PAYABLE)/RECEIVABLE

	Six month period ended 31 Dec 16 £m	Eighteen month period ended 30 Jun 16 £m
<b>Interest payable</b>		
- loans from group undertakings	(4.2)	(1.7)
Total interest payable	(4.2)	(1.7)
<b>Interest receivable</b>		
- loans to group undertakings	1.0	1.1
- other	0.1	0.7
Total interest receivable	1.1	1.8
Net interest (payable)/receivable	(3.1)	0.1

### 5. TAX (CHARGE)/CREDIT ON PROFIT ON ORDINARY ACTIVITIES

	Six month period ended 31 Dec 16 £m	Eighteen month period ended 30 June 16 £m Restated: note 1
Current tax:		
UK corporation tax at 20.0% (eighteen months ended 30 June 2016: 20.23%)	-	3.2
Adjustment in respect of prior periods	(0.1)	(5.3)
	(0.1)	(2.1)
Deferred tax (note 17)	(138.6)	167.6
Total tax	(138.7)	165.5

The tax assessed for the period differs to that resulting from applying the standard rate of corporation tax in the UK of 20.0% (eighteen months ended 30 June 2016: 20.23%)

The differences are explained below:

	Six month period ended 31 Dec 16 £m	Eighteen month period ended 30 Jun 16 £m
Profit on ordinary activities before tax	6.6	68.2
Tax at UK rate of 20% (eighteen months ended 30 June 2016: 20.23%) thereon	(1.3)	(13.8)
Effects of:		
Permanent expenses deductible for tax purposes	0.4	0.6
Prior period adjustments	(0.1)	(5.3)
Deferred tax not previously recognised	-	206.3
Deferred tax unrecognised	(137.7)	-
Rate change	-	(22.3)
Total tax (charge)/credit for the period	(138.7)	165.5

# GENERAL MOTORS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Six month period ended 31 December 2016

### 5. TAX (CHARGE)/CREDIT ON PROFIT ON ORDINARY ACTIVITIES continued

As per current UK corporate tax law, the UK corporation tax rate was reduced to 19% from 1 April 2017. The Finance (No.2) Act 2016, which received Royal Assent on 15 September 2016, states that UK corporation tax rate will be further reduced to 17% effective from 1 April 2020. The reduction to the tax rate included in the Finance (No. 2) Act 2016 was enacted at the balance sheet date and the effect thereof is therefore reflected in these financial statements.

There is no expiry date on timing differences or unused tax losses.

### 6. EMPLOYEES

	Six month period ended 31 Dec 16 No.	Eighteen month period ended 30 June 16 No.
a. Average monthly number including executive directors:		
Salaried	1,025	885
Hourly	1,876	1,844
	<u>2,901</u>	<u>2,729</u>
	<b>£m</b>	<b>£m</b>
b. Costs		
Wages and salaries	55.6	160.5
Social security costs	5.7	14.5
Pension costs (note 18)	33.9	89.8
	<u>95.2</u>	<u>264.8</u>

### 7. EMOLUMENTS OF DIRECTORS

	Six month period ended 31 Dec 16 £'000	Eighteen month period ended 30 June 16 £'000
Directors' emoluments	826.4	2,890.5
Aggregate of contributions paid in respect of money purchase pension schemes	<u>15.0</u>	<u>23.3</u>
	<b>No.</b>	<b>No.</b>
Number of Directors who received, or became eligible to receive, shares during the period.	<u>-</u>	<u>9</u>
	<b>No.</b>	<b>No.</b>
Number of Directors who are members of a money purchase pension scheme	<u>4</u>	<u>5</u>
Number of Directors who are members of a defined benefit pension scheme	<u>5</u>	<u>7</u>

# GENERAL MOTORS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Six month period ended 31 December 2016

### 7. EMOLUMENTS OF DIRECTORS continued

	Six month period ended	Eighteen month period ended
In respect of the highest paid Director:	£'000	£'000
Aggregate emoluments	206.2	508.3
Contributions paid in respect of a money purchase pension	-	-
Annual pension accrued under a defined benefit pension	53.7	33.2

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 no shares in respect of qualifying services under a long term incentive scheme in the current period. No directors exercised share options in the period (eighteen months ended 30 June 2016: none).

### 8. SHARE-BASED PAYMENTS

General Motors UK Limited's incentive scheme awards outstanding at 31 December 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:

	Six month period ended 31 December 2016		Eighteen month period ended 30 June 2016	
	Number ( '000)	Weighted average price (£)	Number ( '000)	Weighted average price (£)
Outstanding at beginning of the period	79.7	23.25	18.3	21.57
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	79.7	25.52	79.7	23.25

The awards outstanding at 31 December 2016 had a weighted average remaining contractual life of 2.6 years (30 June 2016: 3.1 years). No awards were made in the six month period to 31 December 2016 (30 June 2016: between 11 February 2015, 28 July 2015 and 10 February 2016) and the aggregate of the estimated fair values of the awards made is £0.6 million (30 June 2016: £0.7 million) 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. The charge recorded for the six months ended 31 December 2016 was £nil (eighteen months ended 30 June 2016: £0.1 million).

# GENERAL MOTORS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Six month period ended 31 December 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
<b>Cost</b>					
At 30 June 2016	407.5	8.7	417.1	15.9	849.2
Additions	0.1	-	7.1	-	7.2
Transfers	-	-	1.4	(1.4)	-
Disposals	(0.1)	-	(1.1)	(4.9)	(6.1)
At 31 December 2016	407.5	8.7	424.5	9.6	850.3
<b>Accumulated depreciation</b>					
At 30 June 2016	378.6	7.5	379.3	0.5	765.9
Charge for the period	0.5	0.1	3.0	-	3.6
Disposals	-	-	(0.3)	-	(0.3)
At 31 December 2016	379.1	7.6	382.0	0.5	769.2
<b>Net book value</b>					
At 31 December 2016	28.4	1.1	42.5	9.1	81.1
At 30 June 2016	28.9	1.2	37.8	15.4	83.3

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

	£m
<b>Cost</b>	
At 30 June 2016	398.2
Additions	6.5
At 31 December 2016	404.7
<b>Amortisation</b>	
At 30 June 2016	156.2
Charge for the period	20.5
At 31 December 2016	176.7
<b>Net book value</b>	
At 31 December 2016	228.0
At 30 June 2016	242.0



# GENERAL MOTORS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Six month period ended 31 December 2016

### 11. FIXED ASSET INVESTMENTS

#### Other investments

	31 Dec 16 £m Cost	31 Dec 16 £m Provision	31 Dec 16 £m Net	30 June 16 £m Net
Investments in dealership subsidiaries	12.5	-	12.5	12.8
Loans to dealership subsidiaries	6.2	-	6.2	6.4
Investments in other dealerships	2.5	-	2.5	2.5
Loans to other dealerships	0.2	-	0.2	0.2
Other investments	0.3	-	0.3	0.3
	<u>21.7</u>	<u>-</u>	<u>21.7</u>	<u>22.2</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 30 June 2016	12.8	6.4	2.5	0.2	0.3	22.2
Additions	0.3	-	-	-	-	0.3
Redemptions, sales and repayments	(0.6)	(0.2)	-	-	-	(0.8)
Balance at 31 December 2016	<u>12.5</u>	<u>6.2</u>	<u>2.5</u>	<u>0.2</u>	<u>0.3</u>	<u>21.7</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. The registered address for all companies is 10 Chiswell Street, London, EC1Y 4UQ.

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%
Vickers (Lakeside) Ltd	Ordinary 'C' shares	100%

# GENERAL MOTORS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Six month period ended 31 December 2016

### 12. STOCKS

	31 Dec 16 £m	31 Dec 16 £m	30 June 16 £m	30 June 16 £m
Raw materials and work in progress		61.6		56.5
Finished product:				
Motor vehicles	183.0		333.0	
Parts and accessories	35.7		28.3	
Total finished goods		218.7		361.3
Motor vehicles sold under sale and repurchase agreements		271.0		238.0
		551.3		655.8

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

### 13. DEBTORS

	31 Dec 16 £m	30 June 16 £m
Amounts falling due within one year:		
Trade debtors	50.6	41.9
Amounts owed by General Motors Company and fellow subsidiary undertakings	4.2	4.8
Corporation tax	1.0	3.9
Deferred tax (see note 17)	25.7	16.6
Other debtors	30.0	33.0
Prepayments and accrued income	3.6	5.7
	115.1	105.9
Amounts falling due after one year:		
Deferred tax (see note 17)	54.0	262.5
	169.1	368.4

The amount of the net reversal of deferred tax expected to occur next year is £16.0 million relating to the reversal of existing timing difference on pensions and £9.7 million in relation to accelerated capital allowances. The remaining £54.0 million will reverse after more than one year.

### 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 Dec 16 £m	30 June 16 £m
Trade creditors	257.8	287.2
Amounts owed to General Motors Company and fellow subsidiary undertakings	572.0	732.1
Taxation and social security	13.4	3.8
Other creditors	0.1	0.3
Liability for repurchase of specific vehicles sold under sale and repurchase agreements	315.8	276.6
Accruals and deferred income	217.5	232.4
	1,376.6	1,532.4

# GENERAL MOTORS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Six month period ended 31 December 2016

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

	31 Dec 16 £m	30 June 16 £m
Deferred income	0.1	0.1
Other creditors	9.1	-
	<u>9.2</u>	<u>0.1</u>

### 16. PROVISIONS FOR LIABILITIES

	£m
At 30 June 2016	185.0
Utilised in period	(31.4)
Charged in the period	28.1
	<u>181.7</u>
At 31 December 2016	

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

### 17. DEFERRED TAXATION

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 expected to be realised over the period for which taxable profits can be reasonably forecast. Deferred taxation provided for at 17% (2015: 18%) in the financial statements is set out below:

	Capital allowances in excess of depreciation £m	Short-term timing differences £m	Tax losses £m	Pensions £m	Total £m
At 1 July 2016	86.8	(0.2)	14.4	178.1	279.1
Movement in the year:					
Profit and loss account	(76.1)	0.2	(14.4)	(48.3)	(138.6)
Other comprehensive income	-	-	-	(60.8)	(60.8)
	<u>10.7</u>	<u>-</u>	<u>-</u>	<u>69.0</u>	<u>79.7</u>
At 31 December 2016					

£79.7 million of the total deferred tax asset has been recognised as at 31 December 2016 (30 June 2016: £279.1 million) based on likely timing and level of future taxable profits with an assessment of the effect of future tax planning strategies. As at 31 December 2016 the amount of unused tax losses is £505.2 million and the amount of unused research and development expenditure credit is £230,000. There is no expiry date on timing differences, unused tax losses or tax credits.

Following the Finance Act 2015 the main rate of corporation tax reduced to 19% from 1 April 2017. The Finance (No.2) Act 2016, which received Royal Assent on 15 September 2016, states that UK corporation tax rate will be further reduced to 17% effective from 1 April 2020. The reduction to the tax rate included in the Finance (No. 2) Act 2016 was enacted at the balance sheet date and the effect thereof is therefore reflected in these financial statements.

# **GENERAL MOTORS UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Six month period ended 31 December 2016**

### **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. The company also 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.

#### **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.

#### **Date of the most recent comprehensive actuarial valuation**

Actuarial valuations of the Plans for funding purposes are carried out at least every three years. An actuarial valuation of the Plans has been completed as at an effective date of 1 January 2014. For accounting purposes, the Company has employed an independent actuary to carry out an actuarial valuation to determine the defined benefit obligation and pension cost. The most recent annual accounting disclosure valuation was based on census data collected as at 1 October 2016 and adjusted for benefits paid from the Plan between 1 October 2016 and 31 December 2016.

#### **Pension cost**

The Company's total charge to operating profit for the six month period ended 31 December 2016 was £21.2 million (eighteen months ended 30 June 2016: £48.2 million) and relates to the VMLPP, GMRPP, VACPF and VDCPP pension schemes.

The charge relating to VDCPP alone amounted to £0.6 million (eighteen months ended 30 June 2016: £1.1 million). There was no charge to operating profit (eighteen month period ended 30 June 2016: £nil) in relation to past service costs over the period. Over the period separation costs in relation to special termination benefits totalled £nil (eighteen month period ended 30 June 2016: £2.5 million).

#### **Contributions to the Pension Plans**

The Company made contributions to the plans in the six month period ended 31 December 2016 of £42.0 million (eighteen month period ended 30 June 2016: £115.6 million). During the period no special contributions (eighteen month period ended 30 June 2016: £2.5 million) were made by the Company to cover the cost of separation programmes.

Effective from 31 March 2016 a new Schedule of Contributions was agreed between the Company and the Trustee of the VMLPP following the completion of the most recent triennial valuation of the Plan. Under the agreement the Company agreed to pay £65.0 million pa from 1 April 2015 to VMLPP, 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. Payments are made on a monthly basis.

For VACPF, the Company has agreed a funding plan with the Trustee, whereby contributions are paid into the fund to eliminate the funding shortfall and to meet the expenses of the fund. Contributions payable to reduce the funding shortfall were £1.0186 million from 2014 and increase annually by twice the increase in the Retail Prices Index subject to a maximum annual increase of 10%. The payments to meet the funding shortfall cover the period to 31 December 2023.

# GENERAL MOTORS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Six month period ended 31 December 2016

### 18. PENSIONS continued

#### Financial Reporting Standard 102 "Post-employment Benefits"

The VMLPP into which the Company contributes is a multi-employer scheme. In the opinion of the Directors, sufficient information is not available to use defined benefit accounting to separate out the assets and liabilities of the scheme between different group companies which contribute to it. IBC Vehicles Limited, a participating employer in the VML Plan is not required under the VML Plan's Schedule of Contributions to pay contributions to the VML Plan to fund any deficit in the scheme and accordingly its participation in the VML Plan is accounted for on a defined contribution basis in the financial statements of IBC Vehicles Limited. General Motors UK Limited is required to account for the VML Plan on a defined benefit basis, consistent with the approach used to account for both the Retirees Plan and the VACPF.

#### Employee benefit obligations

The amounts recognised in profit or loss are as follows:

	<b>VMLPP, VACPF and GMRPP</b>	
	<b>Six month period ended</b>	<b>Eighteen month period ended</b>
	<b>31 Dec 16</b>	<b>30 June 16</b>
	<b>£m</b>	<b>£m</b>
Effect on employee service in the current period	14.0	35.7
Net interest on net defined benefit liability/(asset)	13.3	42.7
Defined benefit cost recognised in the profit and loss account	27.3	78.4
Administration costs incurred during the period	6.4	10.6
Cost of termination benefits	0.2	0.8
Cost recognised in the profit and loss account	33.9	89.8

The actual return on plan assets was £146.9 million (30 June 2016: £173.9 million).

The amounts recognised in Other Comprehensive Income in respect of the defined benefit schemes are as follows:

	<b>VMLPP, VACPF and GMRPP</b>	
	<b>Six month period ended</b>	<b>Eighteen month period ended</b>
	<b>31 Dec 16</b>	<b>30 June 16</b>
	<b>£m</b>	<b>£m</b>
Actuarial loss arising during the period	79.8	274.2
Return on plan assets (greater)/less than discount rate	(120.4)	(77.3)
Remeasurement effects recognised in Other Comprehensive Income	(40.6)	196.9

The total cost relating to the schemes are as follows:

	<b>VMLPP, VACPF and GMRPP</b>	
	<b>31 Dec 16</b>	<b>30 June 16</b>
	<b>£m</b>	<b>£m</b>
Cost recognised in the profit and loss account	33.9	89.8
Remeasurement effects recognised in Other Comprehensive Income	(40.6)	196.9
Total cost relating to the defined benefit schemes	(6.7)	286.7

# GENERAL MOTORS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Six month period ended 31 December 2016

### 18. PENSIONS continued

The amounts recognised in the balance sheet are as follows:

	<b>VMLPP, VACPF and GMRPP</b>	
	<b>31 Dec 16</b>	<b>30 June 16</b>
	<b>£m</b>	<b>£m</b>
Present value of defined benefit obligations	(3,017.0)	(2,932.2)
Fair value of scheme assets	2,089.3	1,954.1
	<u>(927.7)</u>	<u>(978.1)</u>
Irrecoverable surplus (effect of asset ceiling)	(11.7)	(11.7)
	<u>(939.4)</u>	<u>(989.8)</u>
Net defined benefit liability		

Made up of:

	<b>VMLPP, VACPF and GMRPP</b>	
	<b>31 Dec 16</b>	<b>30 June 16</b>
	<b>£m</b>	<b>£m</b>
Opening net defined benefit liability	(989.8)	(826.5)
Interest cost	(13.3)	(42.7)
Remeasurement effects	40.6	(196.9)
Effect of employee service in the current period	(14.0)	(35.7)
Termination benefits	(0.2)	(0.8)
Employer contributions	43.7	123.4
Expenses	(6.4)	(10.6)
	<u>(939.4)</u>	<u>(989.8)</u>
Net defined benefit liability		

Changes in the defined benefit obligation are as follows:

	<b>VMLPP, VACPF and GMRPP</b>	
	<b>31 Dec 16</b>	<b>30 June 16</b>
	<b>£m</b>	<b>£m</b>
Opening defined benefit obligation	2,932.2	2,627.6
Effect of employee service in the current period	14.0	35.7
Net interest on net defined benefit asset/(liability)	39.8	139.3
Remeasurement effects recognised in Other Comprehensive Income	79.8	274.2
Plan participants' contributions	0.1	0.2
Benefits paid from plan assets	(49.1)	(145.6)
Cost of termination benefits	0.2	0.8
	<u>3,017.0</u>	<u>2,932.2</u>
Closing defined benefit obligation		

# GENERAL MOTORS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Six month period ended 31 December 2016

### 18. PENSIONS continued

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

	<b>VMLPP, VACPF and GMRPP</b>	
	<b>31 Dec 16</b>	<b>30 June 16</b>
	<b>£m</b>	<b>£m</b>
Opening fair value of plan assets	1,954.1	1,812.8
Interest income on plan assets	26.5	96.6
Return on plan assets greater/(less) than discount rate	120.4	77.3
Employer contributions	43.7	123.4
Plan participants' contributions	0.1	0.2
Benefits paid	(49.1)	(145.6)
Administration costs paid	(6.4)	(10.6)
Closing fair value of plan assets	<u>2,089.3</u>	<u>1,954.1</u>

The major categories of plan assets are as follows:

	<b>VMLPP, VACPF and GMRPP</b>	
	<b>31 Dec 16</b>	<b>30 June 16</b>
	<b>£m</b>	<b>£m</b>
Equities	882.2	760.4
Property	202.3	215.3
Government and non-government bonds	297.3	526.8
Other	517.0	451.6
Annuity policy	190.5	-
Total fair value of assets	<u>2,089.3</u>	<u>1,954.1</u>

Included in the fair value of plan assets are financial instruments issued by a group company with a value of £0.8 million (2015: £0.6 million).

The Company expects to contribute £84.4 million to the VMLPP, VACPF and GMRPP pension plans in the year ending 31 December 2017.

# GENERAL MOTORS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Six month period ended 31 December 2016

### 18. PENSIONS continued

The principal actuarial assumptions at the balance sheet date were:

	31 Dec 16	VMLPP 1 Oct 2016	GMRPP 1 Oct 2016	VACPF 1 Oct 2016
Plan participant census date				
Discount rate for scheme liabilities	% pa	2.8	2.4	2.6
RPI inflation	% pa	3.0	3.0	3.0
CPI inflation	% pa	2.0	2.0	2.0
Rate of salary increase	% pa	3.0	n/a	n/a
Pension increases for in-payment benefits				
- Guaranteed LPI (RPI to maximum of 5%)	% pa	2.8	n/a	n/a
- Guaranteed LPI (RPI to maximum of 2.5%)	% pa	1.9	n/a	n/a
- ½ RPI to maximum of 3%	% pa	1.5	n/a	n/a
- Post 88 GMP increases	% pa	1.8	1.8	1.8
Pension increases for deferred benefits	% pa	2.0	2.0	2.0

	30 Jun 16	VMLPP 1 Oct 2015	GMRPP 1 Oct 2015	VACPF 1 Oct 2015
Plan participant census date				
Discount rate for scheme liabilities	% pa	3.7	3.1	3.4
RPI inflation	% pa	3.2	3.2	3.2
CPI inflation	% pa	2.4	2.4	2.4
Rate of salary increase	% pa	3.2	n/a	n/a
Pension increases for in-payment benefits				
- Guaranteed LPI (RPI to maximum of 5%)	% pa	3.0	n/a	n/a
- Guaranteed LPI (RPI to maximum of 2.5%)	% pa	2.0	n/a	n/a
- ½ RPI to maximum of 3%	% pa	1.6	n/a	n/a
- Post 88 GMP increases	% pa	2.0	2.0	2.0
Pension increases for deferred benefits	% pa	2.4	2.4	2.4

Life expectancies used in the mortality assumptions:		VMLPP	GMRPP	VACPF
of a member currently aged 65	Male	22.1	22.3	21.0
of a member currently aged 65	Female	24.4	24.3	23.5
at age 65 of a member currently aged 45	Male	23.7	23.7	22.7
at age 65 of a member currently aged 45	Female	26.2	25.7	25.3

### 19. CALLED UP SHARE CAPITAL AND RESERVES

	31 Dec 16 £m	30 June 16 £m
<b>Called up, allotted and fully paid:</b>		
848,508,917 (30 June 2016: 848,508,917) ordinary shares of £1 each	848.5	848.5

Called-up share capital represents the nominal value of shares that have been issued. The Company has one class of ordinary shares which carry no right to fixed income. The Company is a private company limited by shares.

Where General Motors Company grants rights or share options over its shares to employees of the Company, the Company records a credit directly to the share-based payment reserve in equity equal to the charge recorded in the profit and loss account as determined in accordance with the requirements of section 26 of FRS 102.

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.



## GENERAL MOTORS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Six month period ended 31 December 2016

#### 20. COMMITMENTS

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

	31 Dec 16 £m	30 June 16 £m
Committed	48.6	84.7

(b) At 31 December 2016 the total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings 31 Dec 16 £m	30 June 16 £m
Leases which expire:		
Within one year	0.9	0.8
Between one and five years	1.6	1.4
After five years	3.3	3.4
	5.8	5.6

#### 21. ULTIMATE PARENT COMPANY

At 31 December 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.

#### 22. RELATED PARTY DISCLOSURES

The Company is taking advantage of the exemption granted by paragraph 33.1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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 six month period to 31 December 2016 was £0.2 million (eighteen months ended 30 June 2016: £0.9 million) and of this £0.2 million (eighteen months ended 30 June 2016: £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 £0.2 million (eighteen months ended 30 June 2016: £0.8 million) and of this £0.2 million (eighteen months ended 30 June 2016: £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 six months to 31 December 2016 was £0.3 million (six months ended 30 June 2016: £1.0 million) and of this £0.2 million (eighteen months ended 30 June 2016: £0.2 million) was outstanding from other group companies at the period end and is included in current debtors.

# GENERAL MOTORS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Six month period ended 31 December 2016

### 23. EXPLANATION OF TRANSITION TO FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the 18 month period ended 30 June 2016 and the date of transition to FRS 102 was therefore 31 December 2014.

1. As a consequence of adopting FRS 102, the accounting for the Company's defined benefit pension scheme has changed to comply with that standard (see Note 1). This has resulted in the defined benefit pension obligation for the Vauxhall Motors Limited Pension Plan (VMLPP) being recognised on the balance sheet as the multi-employer exemption under FRS 17 Retirement Benefits is no longer available. This has reduced equity by £840.3 million at 31 December 2014 and £1,004.5 million at 30 June 2016. For the eighteen month period ended 30 June 2016, the contributions paid and payable which were charged to profit and loss in line with the requirements of FRS 17 Retirement Benefits for multi-employer pension schemes have been reversed and replaced by the charges arising on a defined benefit basis.
2. The recognition of the VMLPP on the balance sheet as a defined benefit scheme resulted in additional deferred tax assets of £97.6 million being recognised in the 18 months ended 30 June 2016 based on the existing forecasts of future taxable profits at that date. No deferred tax assets arose at 31 December 2014 as there was insufficient evidence of future taxable profits at that date to recognise additional assets. The deferred tax asset has been recognised through other comprehensive income, reflecting how the deficit originated.
3. Under the Company's previous accounting policy, which followed the requirements of FRS 17 Retirement Benefits, other finance income/expense in profit and loss represented the expected return on plan assets less interest costs on the defined benefit pension obligation, with the expected return linked to the actual underlying assets held by the plan. Under FRS 102, interest income is calculated on the plan assets using the same discount rate applied to the obligation and is presented net of the interest arising on the defined benefit obligation. The impact of this change was to increase the net interest cost for the period ended 30 June 2016 by £0.4 million and reduce the actuarial loss for the period ended 30 June 2016 by the same amount.

### Reconciliation of equity

	30 June 2016 £m	31 December 2014 £m
Equity reported under previous UK GAAP	(420.1)	(597.5)
Correction to intra-group charges (see note a below)	23.8	-
Equity reported under previous UK GAAP (as restated)	(396.3)	(597.5)
Recognition of VMLPP as a defined benefit pension scheme	(1,004.5)	(840.3)
Deferred tax asset recognised through other comprehensive income on pension deficit	97.6	-
Equity reported under FRS 102	<u>(1,303.2)</u>	<u>(1,437.8)</u>

# GENERAL MOTORS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Six month period ended 31 December 2016

### 23. EXPLANATION OF TRANSITION TO FRS 102 continued

#### Reconciliation of profit for the eighteen month period ended 30 June 2016

	£m
Profit for the financial period under previous UK GAAP	177.9
Correction to intra-group charges (see note a below)	23.8
	<hr/>
Profit for the financial period under previous UK GAAP (as restated)	201.7
Net interest cost on GMRPP and VACPF defined benefit schemes	(0.4)
Effect of accounting for the VMLPP on a defined benefit basis rather than a defined contribution basis	32.4
	<hr/>
Profit for the financial period under FRS 102	<u>233.7</u>

Note a) The Company has restated the comparative information under previous UK GAAP to reverse £23.8 million of intra-group costs which had been recorded in error within cost of sales with a liability recorded in amounts owed to General Motors Company and fellow subsidiary undertakings. The impact of the restatement for the eighteen month period ended 30 June 2016 was to decrease cost of sales by £23.8 million. The impact on the balance sheet was a reduction in amounts owed to General Motors Company and fellow subsidiary undertakings from £755.9 million to £732.1 million. The impact on opening retained earnings as at 1 July 2016 is an increase in retained earnings of £23.8 million.

### 24. SUBSEQUENT EVENTS

On 5 March 2017, General Motors Holdings LLC, a wholly owned subsidiary of General Motors Company a limited liability company organised under the laws of the State of Delaware ("GMC") entered into a Master Agreement (the "Agreement") with PSA Group ("PSA").

Pursuant to the Agreement, the Purchaser will acquire GMC's Opel and Vauxhall businesses and certain other assets in Europe ("the Opel/Vauxhall Business") and, together with a financial partner, the General Motors Company's European financial subsidiaries and branches ("the Fincos"). The Opel/Vauxhall Business, the Fincos, together with all of the equity interests of certain subsidiaries of General Motors Company, certain minority interests and substantially all of the assets of the General Motors Company's subsidiary, Adam Opel AG ("AOAG") are known as the "Transferred Business".

The transfer of the Transferred Business is subject to the satisfaction of various closing conditions, including receipt of necessary antitrust, financial and other regulatory approvals, and the reorganisation of the Transferred Business. There can be no assurance that all required governmental consents or clearances will be obtained or that the other closing conditions will be satisfied. The transfer of the Opel/Vauxhall Business is expected to close by the end of 2017.

The Company is included in the proposed Transferred Business. From 5 March 2017, the Company will continue to operate until such time that the transaction completes. Assumptions, estimates and judgments within the financial statements including impairments and utilisation of deferred tax assets were prepared based on the best available information at 31 December 2016, which did not contemplate an acquisition by PSA.

As of the date of signature of these financial statements, an estimate cannot be made as to the potential impact the sale of the Transferred Business to PSA will have on the future financial position, operations, and cash flows of the Company if the transaction is consummated.