Company Registration No. 2091272

IBC VEHICLES LIMITED

Annual Report and Financial Statements

31 December 2016

IBC VEHICLES LIMITED

REPORT AND FINANCIAL STATEMENTS 2016

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IBC VEHICLES LIMITED

REPORT AND FINANCIAL STATEMENTS 2016

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

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N P Barrett
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D Borland
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C Thexton
R Harvey
J Highnam

SECRETARY

R S Nagi

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BANKERS

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ACTUARIES

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AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
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STRATEGIC REPORT

The Directors of IBC Vehicles Limited ("the Company") submit their strategic report, providing a review of the Company's business and a description of the principal risks and uncertainties affecting the Company.

PRINCIPAL ACTIVITIES

The principal activity of the Company continues to be the manufacture and conversion of motor vehicles, pressed parts and related spare parts and components. Within the UK, the Company's main product is marketed as the Vauxhall Vivaro. In all other European countries, the Vivaro product is sold under the Opel badge.

BUSINESS REVIEW

The directors consider revenue, vehicles produced and profit before tax to be the key KPIs relevant to the company, and these have been discussed in detail below.

The Company produced 73,622 vehicles during 2016 (2015: 60,820). Demand for the next generation Vivaro grew in line with expectations in both UK and European markets. Daily production was increased in the second half of the year which generated approximately 130 new jobs in Luton. In the second half of the year Vauxhall insourced its 'Bluelight' Special Vehicle operation (VSV) to Luton creating a further 50 jobs. It is the biggest facility of its kind in Europe, sources 90% of material from UK suppliers and converted over 600 cars and vans for use by Police Forces and Fire and Ambulance services nationwide during this period.

Turnover per vehicle was £12,113 during 2016 (2015: £11,203) and cost of sales per vehicle was £12,022 (2015: £11,024) giving gross profit per vehicle of £91 (2015: £179). The average number of vehicles manufactured per member of staff was 49 during 2016 (2015: 46). The Company made a profit before tax in 2016 of £4.1 million (2015: profit of £8.4 million). The Company has entered into a contract manufacture agreement with a fellow subsidiary of General Motors Company ("GMC"), the effect of which is to provide guaranteed manufacturing margins to the Company from 1 September 2014 for the duration of the agreement.

Tangible fixed assets decreased from £105.2 million at 31 December 2015 to £105.1 million at 31 December 2016, principally due to additions in all categories amounting to £10.8 million, with total depreciation charged during the year of £8.7 million and net book value of fixed asset disposals of £2.2 million.

Current assets decreased from £180.3 million at 31 December 2015 to £139.6 million at 31 December 2016 principally due to a reduction in the total deferred tax asset of £33.1 million. This resulted from a review by the Directors of the amount of deferred tax asset expected to be recovered based upon the forecast timing and level of future taxable profits. Stocks of raw materials increased by £7.9 million and amounts owed by General Motors Company and fellow subsidiary undertakings decreased by £16.9 million.

Current liabilities decreased from £153.4 million at 31 December 2015 to £148.4 million at 31 December 2016. Amounts payable to trade creditors increased by £44.5 million offset by a reduction in amounts due to other group companies of £50.1 million.

Net assets excluding pension liabilities decreased by £35.7 million (2015: increase of £39.6 million) resulting from the changes described above. The pension scheme deficit has increased by £13.9 million (2015: £15.6 million decrease) as the increase in plan obligations exceeded the gain on plan assets.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe the main risks and uncertainties 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 are summarised as follows:

- The Company has a single customer that is a fellow subsidiary of General Motors Company. Vehicles produced by the Company are sold by fellow subsidiaries in the UK and in continental Europe. If the Company does not continue to compete effectively by developing its products and responding to the activities of its competitors, demand for its products could reduce and its results of operations, cash flow and financial condition could be adversely affected.

STRATEGIC REPORT continued

PRINCIPAL RISKS AND UNCERTAINTIES continued

- The Company's revenues are dependent on the continued operation of its manufacturing facilities. The occurrence of major operational problems at these facilities could have an adverse effect on the Company's results of operations, cash flow and financial condition. Operational risks include equipment and system failures, supply disruptions, work stoppages, events impeding or increasing the cost of transporting products, natural disasters and terrorist attacks. Whilst the Company maintains insurance at appropriate levels, some of the operational risks could result in losses in excess of the insurance cover or in uninsured losses.
- 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.
- The Company manufactures its vehicles under a long-term contract arrangement with a fellow subsidiary of General Motors Company. Since the year-end, General Motors Company has announced that it has entered into an agreement to sell its Opel and Vauxhall subsidiaries, which includes the Company, to the PSA Group, subject to regulatory clearance and other closing conditions, which is expected to complete by the end of 2017. In the event that the contract is not renewed or there are material amendments thereto, the results of operations, cash flow and financial condition of the Company could be materially affected.
- The failure of its customer would materially affect the Company's operations, cash flow and financial condition.
- The Company's reliance on key suppliers, including suppliers of tooling and other equipment being procured for the manufacture of the new Vivaro, could result in an adverse effect on the results of operations, cash flow and financial condition if the suppliers are unable to meet their obligations and if the Company were unable to mitigate the effect by securing satisfactory alternative suppliers.
- Breaches of environmental, health and safety and other laws and regulations could restrict the Company's operations, expose it to liability, increase its costs and have an adverse effect on its results of operations, cash flow and financial condition.
- The IBC Vehicles Pension Plan is currently in deficit. Increases in funding from the Company required to make good the deficit could adversely affect cash flow and the financial condition of the Company.

STRATEGIC REPORT continued

PRINCIPAL RISKS AND UNCERTAINTIES continued

- 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 operations. 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.

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

NPBarrett

N P Barrett
Director
26 April 2017

DIRECTORS' REPORT

The Directors of the IBC Vehicles Ltd ("the Company") submit their annual report on the affairs of the Company together with the financial statements and auditors' report for the year ended 31 December 2016.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The most important components of financial risk are liquidity risk, cash flow risk, interest rate risk and price risk. During 2016, 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.

With respect to credit risk, the Company's exposure arises from the risk of default by the counterparty. The Company faces a concentration of credit risk as its sales are made almost exclusively to a fellow subsidiary of General Motors Company. The Company seeks to manage this risk through contractually agreed payment terms, and by agreeing production volumes with its customer in advance.

FUTURE DEVELOPMENTS

The Directors expect demand for the Vivaro to remain at similar levels for 2017 mainly due to uncertainties over Brexit in the UK market. In its first full year, the VSV operation is expected to convert & deliver up to 2,500 vehicles.

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 organized 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 20.

GOING CONCERN

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

DIVIDENDS

No dividends were paid in the years ended 31 December 2016 or 31 December 2015. No final dividend is proposed for the year ended 31 December 2016 (2015: £nil).

EMPLOYEE CONSULTATION

The Board regards employee involvement and effective communication as essential to maintain productive relationships, achieve improved performance and ensure commitment to the Company's business objectives.

Discussions take place regularly with the trade unions and other employee representatives on a wide range of issues through the forum of the Joint Leadership Committee. Additionally, all employees are briefed throughout the year on the current business status and the immediate outlook through a range of communication forums.

EMPLOYMENT OF DISABLED PERSONS

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

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' REPORT continued

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 year and since the year end.

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

AUDITOR

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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be reappointed as auditors in the absence of an Annual General Meeting.

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

NPBarrett

N P Barrett
Director
26 April 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 proper 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 IBC VEHICLES LIMITED

We have audited the financial statements of IBC Vehicles Limited for the year 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 20. 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 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. 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 its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with 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.

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 and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

H Shekle

Hadleigh Shekle FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
27 April 2017

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2016

	Note	2016 £'000	2015 £'000
TURNOVER	2	891,816	681,395
Cost of sales		(885,105)	(670,486)
GROSS PROFIT		6,711	10,909
Administrative income/(expenses)		239	(798)
Profit on sale of land		-	1,416
OPERATING PROFIT	3	6,950	11,527
Net interest payable	4	(963)	(657)
Other finance charges		(1,928)	(2,500)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,059	8,370
Tax (charge)/credit on profit on ordinary activities	5	(28,120)	23,293
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(24,061)	31,663

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

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2016

	2016 £'000	2015 £'000
(Loss)/profit for the financial year	(24,061)	31,663
Other comprehensive income:		
Actuarial (loss)/gain recognised on the pension scheme (note 15)	(20,647)	11,800
Movement on deferred tax relating to pension deficit	(4,867)	11,700
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(49,575)	55,163

BALANCE SHEET
31 December 2016

	Note	2016 £'000	2015 £'000
FIXED ASSETS			
Tangible assets	9	105,106	105,217
CURRENT ASSETS			
Stocks	10	20,183	12,110
Debtors			
– due within one year	11	115,707	132,247
– due after one year	11	3,746	35,909
Cash at bank and in hand		-	-
		139,636	180,266
CREDITORS:			
Amounts falling due within one year	12	(148,391)	(153,433)
NET CURRENT (LIABILITIES)/ASSETS		(8,755)	26,833
TOTAL ASSETS LESS CURRENT LIABILITIES		96,351	132,050
CREDITORS:			
Amounts falling due after more than one year	13	(7,102)	(7,134)
NET ASSETS EXCLUDING PENSION LIABILITIES		89,249	124,916
NET PENSION SCHEME LIABILITIES	15	(71,190)	(57,300)
NET ASSETS		18,059	67,616
CAPITAL AND RESERVES			
Called up share capital	16	239,000	239,000
Share-based payments reserve	16	102	84
Profit and loss account	16	(221,043)	(171,468)
SHAREHOLDER'S FUNDS		18,059	67,616

These financial statements were approved by the Board of Directors on 26 April 2017 and are signed on its behalf by:

NPBarrett

N P Barrett
Director

STATEMENT OF CHANGES IN EQUITY
At 31 December 2016

	Called up share capital £'000	Share-based payment reserve £'000	Profit and loss account £'000	Total £'000
At 31 December 2014	**239,000**	**66**	**(226,631)**	**12,435**
Profit for the financial year	-	-	31,663	31,663
Actuarial gain recognised in the pension scheme (note 15)	-	-	11,800	11,800
Movement on deferred tax relating to pension deficit	-	-	11,700	11,700
Movement in share-based payments reserve	-	18	-	18
Total comprehensive income	-	18	55,163	55,181
At 31 December 2015	**239,000**	**84**	**(171,468)**	**67,616**
Loss for the financial year	-	-	(24,061)	(24,061)
Actuarial loss recognised in the pension scheme (note 15)	-	-	(20,647)	(20,647)
Movement on deferred tax relating to pension deficit	-	-	(4,867)	(4,867)
Movement in share-based payments reserve	-	18	-	18
Total comprehensive loss	-	18	(49,575)	(49,557)
At 31 December 2016	**239,000**	**102**	**(221,043)**	**18,059**

1. ACCOUNTING POLICIES

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

General information and basis of accounting
IBC Vehicles Limited is a private company limited by shares 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 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 18.

Going concern
The Company generated losses in the year of £24.1 million. The balance sheet at 31 December 2016 shows that the Company has net current liabilities of £8.8 million and net assets of £18.1 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 enquiries 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.

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 buildings	40 years
Plant, machinery and equipment	5 to 27 years
Special tools, jigs and dies	The costs of special tools, jigs and dies are written off over the estimated production run of the models to which they relate.

Residual value is calculated on prices prevailing at the date of acquisition.

Leases
Rentals in respect of operating leases are charged to the profit and loss account in equal annual instalments over the lease term.

1. ACCOUNTING POLICIES continued

Regional development and assistance grants

Grant funding from government sources is recognised as income after the income is received and performance conditions have been met. Income received in advance of the performance condition being met is recognised as deferred income within creditors on the balance sheet and then released to income as conditions are met and demonstrated to the appropriate government body.

Taxation

Corporation tax is provided on taxable profit at the appropriate rate ruling each year 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 current tax rates and law. 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 the 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.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value.

Costs used in the valuation are calculated on a weighted average basis, and include material, labour and appropriate overheads. Net realisable value is based on estimated selling price less costs to sell. Provision is made for any obsolete or defective stocks.

Foreign currencies

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2016

1. ACCOUNTING POLICIES continued

Pension costs
The Company makes contributions to two 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 two plans are the Vauxhall Motors Limited Pension Plan ('VMLPP') and the IBC Vehicles Pension Plan ("IBCVPP").

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 account for the scheme and to separate out the assets and liabilities of the scheme between different group companies which contribute to it. IBC Vehicles Limited is not required under the VMLPP's Schedule of Contributions to pay contributions to the VMLPP to fund any deficit in the scheme and accordingly its participation in the VMLPP is accounted for on a defined contribution basis in the financial statements of IBC Vehicles Limited. The pension costs charged in the financial statements in respect of the VMLPP represents the contributions payable by the company during the year.

The IBCVPP into which the Company contributes is a single-employer scheme and is accounted for on a defined benefit basis.

The fair value of the IBCVPP 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, is recognised within operating costs.

Net interest cost on the defined benefit liability is charged to the profit and loss account and included within finance costs.

Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the defined benefit liability) are recognised immediately in other comprehensive income.

Turnover
Turnover represents the sales of motor vehicles, components, parts and accessories net of trade discounts, VAT and other sales related taxes, and is recognised when the risks of ownership of the motor vehicles, components, parts and accessories pass to the consumer, which is normally when the products leave the Company's production facilities and are passed to the customer's freight carrier.

Share-based payment
General Motors Company group, of which IBC Vehicles 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. 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 equity instruments expected to vest as a result of the effect of non market-based vesting conditions, including option lapses. 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.

1. **ACCOUNTING POLICIES continued**

Impairment of assets
At each balance sheet date assets not carried at fair value are assessed to determine whether there is an indication that they may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset. The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

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 IBCVPP 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 15.

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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2016

2. TURNOVER - GEOGRAPHICAL ANALYSIS BY DESTINATION

	2016 £'000	2015 £'000
United Kingdom	313,097	305,675
Other European countries	578,719	375,720
	891,816	681,395

The Company is engaged in one principal activity, the manufacture and distribution of motor vehicles and related spare parts and components. A geographical analysis of the profit before tax has not been given, as in the opinion of the Directors, this would be prejudicial to the interests of the Company.

An analysis of the Company's revenue is as follows:

	2016 £'000	2015 £'000
Sale of goods	891,816	681,395
Interest income	3	5
Grant income	32	32
Revenue	891,851	681,432

3. OPERATING PROFIT

	2016 £'000	2015 £'000
Operating profit on ordinary activities before taxation is after charging:		
Depreciation of tangible fixed assets:		
Owned assets	8,712	9,199
Profit on disposal of fixed assets	(3)	(1,048)
Cost of inventory recognised as an expense	773,173	587,179
Impairment losses on inventory	222	1,615
Foreign exchange loss/(gain)	11,461	(242)
Rentals under operating leases:		
Hire of plant and machinery	6	43
Auditor's remuneration:		
Payable to the Company's auditor for audit of the Company's annual accounts	52	61

Impairment losses on inventory are included in cost of sales.

4. NET INTEREST PAYABLE

	2016 £'000	2015 £'000
Interest receivable		
Loans to group undertakings	3	5
Interest payable		
Loans from group undertakings	(927)	(625)
Finance lease interest payable	(39)	(37)
	(966)	(662)
Net interest payable	(963)	(657)

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

	2016 £'000	2015 £'000
Current tax:		
UK corporation tax at 20% (2015: 20.25%)	1	180
Over provision relating to prior years	(128)	(23)
Current tax	(127)	157
Deferred tax: Origination and reversal of timing differences	28,247	(23,450)
Total tax	28,120	(23,293)

The tax assessed for the year differs to that resulting from applying the standard rate of corporation tax in the UK of 20.0% (2015: 20.25%). The differences are explained below:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	4,059	8,370
Tax at UK rate of 20% (2015: 20.25%) thereon	812	1,695
Effects of:		
Permanent differences	158	38
Adjustments in respect of prior years	(128)	(23)
Deferred tax not previously recognised	-	(27,933)
Deferred tax unrecognised	27,278	-
Rate change	-	2,930
Total tax charge/(credit) for the year	28,120	(23,293)

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

As per current UK corporate tax law, the UK corporation tax rate will be 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.

6. DIRECTORS' EMOLUMENTS

	2016 £'000	2015 £'000
Aggregate emoluments	303	298
Aggregate of contributions paid in respect of money purchase pension schemes	6	6
	No.	**No.**
Number of Directors who received, or became eligible to receive, shares during the year (*includes highest paid Director)	1*	1*
	No.	**No.**
Number of Directors who are members of a money purchase pension scheme	5	6
Number of Directors who are members of a defined benefit pension scheme	6	5
	£'000	**£'000**
In respect of the highest paid Director:		
Aggregate emoluments	194	189
Contributions paid in respect of money purchase pension scheme	6	6
Maximum annual pension accrued under a defined benefit pension scheme assuming no lump sum paid on retirement	29	27

Certain directors of the Company are also Directors of other companies within the General Motors group of companies.

7. EMPLOYEES

	2016 No.	2015 No.
Average number of employees, including directors		
Administration	108	102
Production	1,390	1,236
	1,498	1,338

	2016 £'000	2015 £'000
Costs		
Wages and salaries	47,201	42,107
Social security costs	4,340	3,092
Pension costs (note 15)	7,850	7,946
	59,391	53,145

8. SHARE-BASED PAYMENTS

IBC Vehicles Limited's incentive scheme awards outstanding at 31 December 2016 consist 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) and Performance Stock Units ("PSU"s) 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 and PSUs will be based on the fair US dollar value of GM common stock on the date of grant.

Details of the RSUs and PSUs outstanding during the year are as follows:

	2016		2015	
	Number '000	Weighted average price £	Number '000	Weighted average price £
Outstanding at beginning of year	2.1	23.76	2.3	21.13
Vested	(0.7)	20.68	(0.8)	19.25
Granted during the year	0.7	19.16	0.6	24.68
Outstanding at the end of the year	2.1	27.22	2.1	23.76

The awards outstanding at 31 December 2016 had a weighted average remaining contractual life of 1.2 years (2015: 1.5 years). RSUs and PSUs were granted on 10 February 2016 (2015: 11 February 2015) and the aggregate of the estimated fair values of the RSUs granted is £0.05m (2015: £0.05m) 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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2016

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant, machinery and equipment £'000	Special tools, jigs and dies £'000	Assets in course of construction £'000	Total £'000
Cost					
Cost at 1 January 2016	53,391	169,439	21,572	8,121	252,523
Additions	5,565	4,340	700	199	10,804
Disposals	-	(1,888)	(405)	(1,753)	(4,046)
Transfers	834	1,846	478	(3,158)	-
Total cost at 31 December 2016	59,790	173,737	22,345	3,409	259,281
Depreciation					
Depreciation at 1 January 2016	17,623	122,957	6,726	-	147,306
Charge for the year	770	7,368	574	-	8,712
Disposals	-	(1,843)	-	-	(1,843)
Total depreciation at 31 December 2016	18,393	128,482	7,300	-	154,175
Net book value					
At 31 December 2016	41,397	45,255	15,045	3,409	105,106
At 31 December 2015	35,768	46,482	14,846	8,121	105,217

10. STOCK

	2016 £'000	2015 £'000
Raw materials	19,735	11,809
Work in progress	448	301
	20,183	12,110

11. DEBTORS

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade debtors	6,336	4,605
Amounts owed by General Motors Company and fellow subsidiary undertakings	106,778	123,649
Group relief receivable	775	915
Other debtors	57	92
Prepaid expenses and accrued income	60	334
Deferred taxation (see note 14)	1,701	2,652
	115,707	132,247
Amounts falling due after one year:		
Deferred taxation (see note 14)	3,746	35,909
	119,453	168,156

The amount of the net reversal of deferred tax expected to occur next year is £1,701,000 (2015: £2,652,000), relating to the reversal of existing timing difference on pensions. The remaining £3,746,000 will reverse after more than one year.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Bank overdraft	-	2
Trade creditors	133,381	88,918
Amounts owed to General Motors Company and fellow subsidiary undertakings	4,123	54,258
Taxation and social security	7,202	4,636
Other creditors	2,668	4,414
Accruals and deferred income	1,017	1,205
	148,391	153,433

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

	2016 £'000	2015 £'000
Deferred income - regional development and assistance grants	7,102	7,134

The value of Regional Development and Assistance grants to be amortised after more than five years is £63,000 (2015: £95,000).

14. DEFERRED TAXATION

Deferred taxation provided for at 17% (2015: 18%) in the financial statements is set out below:

	Accelerated capital allowances £'000	Pension scheme deficit £'000	Tax losses £'000	Other timing differences £'000	Total £'000
At 1 January 2016	19,581	10,314	8,615	51	38,561
Movement in the year:					
Profit and loss account	(19,581)	-	(8,615)	(51)	(28,247)
Other comprehensive income	-	(4,867)	-	-	(4,867)
At 31 December 2016	-	5,447	-	-	5,447

£5.4 million of the total deferred tax asset has been recognised as at 31 December 2016 (2015: £38.6 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 £41.5 million and the amount of unused research and development expenditure credit is £67,000. There is no expiry date on timing differences, unused tax losses or tax credits.

15. PENSIONS

Description of the Plan
The Company makes contributions to two pension plans, each of which is of the "defined benefit" type where pensions are determined by an employee's earnings level at retirement and length of service. The two plans are the Vauxhall Motors Limited Pension Plan ("VMLPP") and the IBC Vehicles Pension Plan ("IBCVPP"). The assets of the plans are held in trustee-administered funds, and are completely separate from the assets of the Company.

Funding
Funding of IBCVPP is provided at a level determined after taking independent professional actuarial advice, with the Company meeting the balance of the costs not covered by members' contributions. The Company makes a payment to General Motors UK Limited in respect of those of its employees who accrue benefits in the VMLPP. In addition, the Company makes payments directly to the VMLPP of SMART contributions relating to those of its employees who participate in the VMLPP.

Date of the most recent comprehensive actuarial valuation
Actuarial valuations of the Plan for funding purposes are carried out at least every three years. An actuarial valuation of the Plan 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.

15. 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 account for the scheme and to separate out the assets and liabilities of the scheme between different group companies which contribute to it. IBC Vehicles Limited is not required under the VMLPP's Schedule of Contributions to pay contributions to the VMLPP to fund any deficit in the scheme and accordingly its participation in the VMLPP is accounted for on a defined contribution basis in the financial statements of IBC Vehicles Limited. The pension cost charged in the financial statements in respect of the VMLPP represents the contributions payable by the Company during the year.

The IBCVPP into which the Company contributes is a single-employer scheme and is accounted for on a defined benefit basis.

Pension cost

The Company's total pension cost for 2016 was £7.9 million (2015: £7.9 million). This figure includes £4.3 million in respect of the net defined benefit cost for the IBC Plan, and £3.6 million in respect of the amount paid by the Company to General Motors UK Limited in relation to its participation in the VMLPP.

Contributions to the Pension Plans

During 2016 the Company made contributions to the plans of £15.3 million (2015: £13.1 million). No special contributions were made to the IBC Plan in 2016 (2015: £nil).

Company contributions to the plans are payable in accordance with the Schedules of Contributions agreed with the Trustee of the Plan dated 23 September 2016 and agreed with the Trustee of the VMLPP dated 31 March 2016.

Under the Schedule of Contributions payments are made on a monthly basis starting at an annualised rate of £8.74 million as at 1 January 2012 and increasing each year by RPI on 1 April. The period for these payments ends on 31 December 2024. An additional lump sum of £2m is paid at the end of each two year period from 1 November 2012 and ending on 31 December 2021. Additionally the Company will make a contribution each year equal to the annual PPF levy as fixed by the PPF Board and makes contributions on behalf of members in Pensionable Salary Sacrifice.

Employee benefit obligations

The amount recognised in the profit and loss account in respect of the scheme is as follows:

	IBCVPP 2016 £m	2015 £m
Effect of employee service in the current period	3.6	3.9
Net interest on net defined benefit liability	1.9	2.5
Defined benefit cost recognised in the profit and loss account	5.5	6.4
Administration costs incurred during the period	0.7	0.9
Cost recognised in the profit and loss account	6.2	7.3

15. PENSIONS continued

The amount recognised in Other Comprehensive Income in respect of its defined benefit scheme is as follows:

	IBCVPP 2016 £m	2015 £m
Actuarial loss/(gain) arising during the period	52.0	(12.9)
Return on plan assets (greater)/less than discount rate	(31.4)	1.1
Remeasurement effects recognised in Other Comprehensive Income	20.6	(11.8)

The actual return on plan assets was £40.2 million (2015:£7.0 million).

The total cost relating to the scheme is as follows:

	IBCVPP 2016 £m	2015 £m
Cost recognised in the profit and loss account	6.2	7.3
Remeasurement effects recognised in Other Comprehensive Income	20.6	(11.8)
Total cost relating to defined benefit scheme	26.8	(4.5)

The amount recognised in the balance sheet arising from the Company's obligations in respect of its defined benefit scheme is as follows:

	IBCVPP Value at 31 December 2016 £m	Value at 31 December 2015 £m
Present value of defined benefit obligations	(346.3)	(289.5)
Fair value of scheme assets	275.1	232.2
Net defined benefit liability	(71.2)	(57.3)

Changes in the defined benefit obligation are as follows:

	IBCVPP 2016 £m	2015 £m
Opening defined benefit obligation	289.5	297.6
Effect of employee service in the current period	3.6	3.9
Interest cost on the defined benefit obligation	10.7	10.6
Remeasurement of the defined benefit obligation	52.1	(12.9)
Benefits paid from plan assets	(9.6)	(9.7)
Closing defined benefit obligation	346.3	289.5

15. PENSIONS continued

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

	IBCVPP 2016 £m	2015 £m
Opening fair value of plan assets	232.2	224.7
Interest income on plan assets	8.8	8.1
Return on plan assets (excluding amounts included in net interest cost)	31.5	(1.1)
Employer contributions	12.9	11.1
Benefits paid out	(9.6)	(9.7)
Administration costs paid	(0.7)	(0.9)
Closing fair value of plan assets	275.1	232.2

The Company expects to contribute £10.9 million to its defined benefit pension plans in 2017.

The major categories of plan assets are as follows:

	IBCVPP Value at 31 December 2016 £m	Value at 31 December 2015 £m
Equities	134.7	104.4
Government and non-government bonds	46.2	84.3
Property	18.0	20.3
Other	76.2	23.2
	275.1	232.2

Included in the fair value of plan assets are financial instruments issued by a group company with a value of £nil million (2015: £0.7 million).

15. PENSIONS continued

The principal actuarial assumptions at the balance sheet date were:

	IBCVPP 31 December 2016 % pa	31 December 2015 % pa
Discount rate	2.58	3.77
RPI Inflation	3.20	3.20
CPI Inflation	2.20	2.40
Rate of general long-term increase in salaries	3.20	3.20
Rate of increase to pensions in payment		
- Guaranteed LPI (RPI to maximum of 5%)	3.00	3.00
- Guaranteed LPI (RPI to maximum of 2.5%)	1.90	1.90
- ½ RPI to maximum of 3%	1.60	1.60
- Post 88 GMP increases	1.90	1.90
Pension increases for deferred benefits	2.20	2.20
Plan participant census date	1 October 2016	1 October 2015

Life expectancies used in the mortality assumptions:	IBCVPP	
	Life expectancy of a member currently aged 65	**Life expectancy at age 65 of a member currently aged 50**
Male	21.6	23.2
Female	24.0	25.7

16. CALLED UP SHARE CAPITAL AND RESERVES

	2016 £'000	2015 £'000
Allotted, called up and fully paid:		
239,000,000 (2015: 239,000,000) ordinary shares of £1 each	239,000	239,000

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.

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.

17. COMMITMENTS

At 31 December 2016 there are capital expenditure commitments of £2.6m which are contracted for at the balance sheet date but not provided for in these financial statements (2015: £3.3m).

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

	Plant and machinery	
	2016	**2015**
	£'000	**£'000**
Leases which expire:		
Within one year	-	5

18. ULTIMATE PARENT UNDERTAKING

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 GM Holdings U.K. No. 1 Limited, 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.

19. RELATED PARTY TRANSACTIONS

The Company has taken 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 either group who are related parties.

20. 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 organized 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.

As part of the proposed transaction, it has been announced that the Company's pension scheme, the IBC Vehicles Pension Plan, will be transferred to another General Motors group company that is not part of the Transferred Business during 2017 and the ongoing funding obligations of the IBC Vehicles Pension Plan will be met by the General Motors Company or a subsidiary thereof.

The Company is included in the proposed Transferred Business.

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.