

Registered number: 2590471

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**PSA FINANCE PLC**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2005**



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**PSA FINANCE PLC**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	P Alexandre H Guyot A Favey (resigned 1 September 2005) D Roberts V Hill A B Smith G Prestedge (alternate director appointed 7 May 2005)
<b>SECRETARY</b>	A B Smith
<b>COMPANY NUMBER</b>	2590471
<b>REGISTERED OFFICE</b>	Quadrant House Princess Way Redhill Surrey RH1 1QA
<b>AUDITORS</b>	PricewaterhouseCoopers LLP Chartered Accountants & Registered Auditors 32 London Bridge Street London SE1 9SY

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**PSA FINANCE PLC**

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## PSA FINANCE PLC

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### DIRECTORS' REPORT For the year ended 31 December 2005

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The directors present their report and the financial statements for the year ended 31 December 2005.

#### PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the Company during the year was the provision of finance facilities and the contract hire and leasing of motor vehicles and equipment. The Company ceased to enter into new finance, contract hire and leasing agreements with effect from 31 March 2002. The existing portfolio since this date has been running down in an orderly manner. The Company trades under the names PSA Finance U.K., Citroen Finance, Peugeot Finance, Citroen Contract Motoring and Peugeot Contact Hire.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation and before dividends, amounted to £3,768,000 (2004 - £7,064,000).

A dividend of £6,600,000 was paid during the year (2004 - £40,000,000). The directors do not propose a final dividend for 2005.

#### DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

P Alexandre  
H Guyot  
A Favey (resigned 1 September 2005)  
D Roberts  
V Hill  
A B Smith  
G Prestedge (alternate director appointed 7 May 2005)

During the year, G Prestedge was appointed as an alternate director with effect from 7 May 2005 and A Favey resigned on 1 September 2005. The directors are not required to retire by rotation nor at the Annual General Meeting following appointment.

None of the directors had a beneficial interest in any shares of the Company, or the shares of any other Company in the PSA Peugeot Citroen group incorporated in the United Kingdom. Nor are there any schemes to benefit directors by enabling them to buy shares or debentures of the Company or any other Company in the PSA Peugeot Citroen group incorporated in the United Kingdom.

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## **PSA FINANCE PLC**

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### **DIRECTORS' REPORT** **For the year ended 31 December 2005**

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#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The directors are responsible for preparing financial statements for each financial year that give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **PAYMENT TO SUPPLIERS**

It is the Company's policy:

- i) wherever appropriate, to define the terms of payment when agreeing the terms of each transaction;
- ii) to ensure the supplier is aware of the terms of payment; and
- iii) to abide by the terms of payment.

If such terms are not agreed when agreeing the terms of each transaction, the Company will commit to paying suppliers within 30 days of receipt of a valid invoice.

Trade creditors falling due within one year represents 28 days (2004 - 28 days) as a proportion of the total purchases.

#### **POST BALANCE SHEET EVENTS**

The Company paid a 2006 interim dividend of £3,300,000 on 28 April 2006.

#### **AUDITORS**

A resolution to reappoint PricewaterhouseCoopers LLP, as auditors to the Company will be proposed at the annual general meeting.

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**PSA FINANCE PLC**

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**DIRECTORS' REPORT**  
**For the year ended 31 December 2005**

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This report was approved by the Board of directors on 25 July 2006 and signed on its behalf.



**A B Smith**  
Secretary

Quadrant House  
Princess Way  
Redhill  
Surrey  
RH1 1QA

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## PSA FINANCE PLC

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PSA FINANCE PLC

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We have audited the financial statements of PSA Finance PLC for the year ended 31 December on pages 5 to 19. These financial statements have been prepared under the accounting policies set out therein.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

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

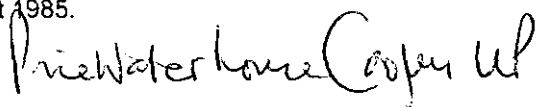
#### BASIS OF AUDIT OPINION

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

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

#### OPINION

In our opinion, the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2005 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and  
Registered Auditors  
London

25 July 2006

**PSA FINANCE PLC**

**PROFIT AND LOSS ACCOUNT**  
For the year ended 31 December 2005

	Note	2005 £000	2004 <i>Restated</i> £000
<b>TURNOVER</b>	2	<b>2,505</b>	17,114
Other operating income	3	329	529
Administrative expenses		<u>1,000</u>	<u>(3,802)</u>
<b>OPERATING PROFIT</b>	4	<b>3,834</b>	13,841
Interest receivable	7	1,451	131
Interest payable	9	<u>-</u>	<u>(3,881)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>5,285</b>	10,091
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	11	<u>(1,517)</u>	<u>(3,027)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>3,768</b>	7,064
<b>DIVIDENDS</b>	10	<u>(6,600)</u>	<u>( 40,000)</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>	18	<u><u>(2,832)</u></u>	<u><u>(32,936)</u></u>

All amounts relate to continuing operations.

There were no recognised gains or losses for 2005 or 2004 other than those included in the profit and loss account.

The notes on pages 8 to 19 form part of these financial statements.



**PSA FINANCE PLC**

**BALANCE SHEET**  
As at 31 December 2005

		2005		2004 Restated	
	Note	£000	£000	£000	£000
<b>FIXED ASSETS</b>					
Tangible fixed assets	12		215		4,380
<b>CURRENT ASSETS</b>					
Debtors	13	4,092		32,244	
Deferred tax	16	8,397		11,855	
Cash at bank		36,959		10,728	
		49,448		54,827	
<b>CREDITORS:</b> amounts falling due within one year	15	(4,831)		(11,543)	
<b>NET CURRENT ASSETS</b>			44,617		43,284
<b>NET ASSETS</b>			44,832		47,664
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		40,000		40,000
Profit and loss account	18		4,832		7,664
<b>SHAREHOLDERS' FUNDS</b>	20		44,832		47,664

The financial statements were approved by the board on 25 July 2006 and signed on its behalf.

  
P Alexandros  
Director

  
V Hill  
Director

The notes on pages 8 to 19 form part of these financial statements.

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**PSA FINANCE PLC**

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**CASH FLOW STATEMENT**  
For the year ended 31 December 2005

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	Note	2005 £000	2004 £000
Net cash flow from operating activities	21	27,506	234,316
Returns on investments and servicing of finance	22	1,451	(3,750)
Taxation	22	2,885	(3,958)
Capital receipts	22	3,814	13,072
Equity dividends paid		(6,600)	(40,000)
		<hr/>	<hr/>
<b>CASH INFLOW BEFORE FINANCING</b>		<b>29,056</b>	<b>199,680</b>
Financing	22	(2,825)	(188,952)
		<hr/>	<hr/>
<b>INCREASE IN CASH IN THE YEAR</b>		<b><u>26,231</u></b>	<b><u>10,728</u></b>

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 23)**  
For the year ended 31 December 2005

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	2005 £000	2004 £000
Increase in cash in the year	26,231	10,728
Cash outflow from decrease in debt and lease financing	2,825	188,952
	<hr/>	<hr/>
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>29,056</b>	<b>199,680</b>
Net funds/(debt) at 1 January 2005	7,748	(191,932)
	<hr/>	<hr/>
<b>NET FUNDS AT 31 DECEMBER 2005</b>	<b><u>36,804</u></b>	<b><u>7,748</u></b>

The notes on pages 8 to 19 form part of these financial statements.

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## PSA FINANCE PLC

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### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2005

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and are prepared in accordance with applicable United Kingdom accounting standards and the Finance Leasing Association Statement of Recommended Practice.

##### 1.2 Finance leases

Assets made available to third parties under finance leases are treated as amounts receivable. Income from finance leases is credited to the profit and loss account using the net cash investment method, which apportions income to give a constant periodic rate of return on the net cash investment.

##### 1.3 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are credited to the profit and loss account as earned.

##### 1.4 Income from installment credit business

Charges and interest on installment credit agreements are credited to the profit and loss account on an actuarial basis, which apportions income to give a constant periodic rate of return on the net cash investment.

##### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Assets held for use in operating leases	-	Actuarial basis over the term of the contract
Equipment	-	Straight line over 3 years

##### 1.6 Deferred taxation

Deferred Tax is provided in full on timing differences which 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 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.

##### 1.7 Pensions

PSA Finance Plc participated in the United Kingdom group defined benefit pension schemes of Peugeot Motor Company Plc. The assets of these pension schemes are held in separate trustee administered funds (see note 8).

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PSA FINANCE PLC

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NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2005

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1. ACCOUNTING POLICIES (continued)

1.8 Changes to accounting policies

The company has adopted FRS 21 "Events after the Balance Sheet Date" the adoption of this standard represents a change in accounting policy and the comparative figures have required restatement. The effect of the change in accounting policy to adopt FRS 21 was to recognize the proposed final dividend for the year-ended 31 December 2004 of £6,600,000 in the current year. Similarly, dividends of £40,000,000 previously shown in the year-ended 31 December 2003 are now reflected in the comparative figures for the year-ended 31 December 2004.

The effect of the change in accounting policy to adopt the presentational requirements of FRS 25 was to reclassify the £1 C share (2004: £1) from equity to liabilities and the related dividend of £nil (2004: £1) are recognized as interest cost.

2. TURNOVER

The whole of the turnover is attributable to lease income and charges on installment credit agreements credited to the profit and loss account during the year. In the opinion of the directors, the Company operates only one class of business.

	2005 £'000	2004 £'000
Aggregate rentals receivable during the year were as follows:		
Finance leases	1,612	20,064
Operating leases	545	6,108
Installment credit	<u>20,056</u>	<u>178,263</u>
	<u>22,213</u>	<u>204,435</u>
	2005 £'000	2004 £'000

Turnover credited to the profit and loss account during the year as follows:

Finance leases	781	3,300
Operating leases	891	1,750
Installment credit	<u>833</u>	<u>12,064</u>
	<u>2,505</u>	<u>17,114</u>

All turnover arose within the United Kingdom. No new business has been written following the Company's decision to stop writing new agreements with effect from March 2002.

3. OTHER OPERATING INCOME

	2005 £000	2004 £000
Commission on sales of CPI	<u>329</u>	<u>529</u>

The other operating income primarily relates to Credit Protection Insurance (CPI) and is credited to the profit and loss account on a straight-line basis.

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PSA FINANCE PLC

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NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2005

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4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2005 £000	2004 £000
Staff costs (see note 6)	102	409
Depreciation of tangible fixed assets (see note 12)	442	5,487
Auditors' remuneration - audit services	15	14
Profit on disposal of operating leases	(91)	(373)

During the year, £1,950,000 of bad debt provision was released (2004 - £9,768,000 released).

5. DIRECTORS' REMUNERATION

None of the directors had any material interests in any contract of significance in relation to the business of the Company. Other related parties hold the contracts of service for the directors and are responsible for their remuneration. During the year none of the directors received any emoluments in respect of services rendered to the Company (2004 - £nil).

6. STAFF COSTS

Staff costs were as follows:

	2005 £000	2004 £000
Wages and salaries	99	250
Social security costs	3	19
Other pension costs	-	140
	<u>102</u>	<u>409</u>

The average monthly number of employees, including directors, during the year was as follows:

	2005 No.	2004 No.
Sales and administration	<u>2</u>	<u>10</u>

7. INTEREST RECEIVABLE

	2005 £000	2004 £000
Interest receivable from group companies	1,368	-
Other interest receivable	83	131
	<u>1,451</u>	<u>131</u>

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**PSA FINANCE PLC**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2005**

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**8. PENSIONS**

The Company participated in Peugeot Motor Company Plc's group defined benefit pension schemes and the assets of these schemes are held in separate trustee administered funds. The last employees of the Company were transferred with effect from 31 December 2005 to an associated company within the PSA Peugeot Citroen Group. The Company has no further liabilities under the schemes.

The net pension cost of the Company was £nil (2004 - £140,000).

The Directors service contracts are held by either other members of the PSA Peugeot Citroen group or by members of the Abbey National Plc group. No pension contributions are paid on behalf of the Directors in respect of the services rendered to the Company.

**9. INTEREST PAYABLE**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
On bank loans and overdrafts, and other loans wholly repayable within five years to:		
- group undertakings	-	1,789
- other	-	274
On other loans not wholly repayable within five years to:		
- group undertakings	-	909
- other substantial shareholders	-	909
	<hr/>	<hr/>
	<b>-</b>	<b>3,881</b>

**10. DIVIDENDS**

		<i>restated</i>
	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
On equity shares		
Total dividends paid	<hr/> <b>6,600</b> <hr/>	<hr/> <b>40,000</b> <hr/>

The Directors paid a dividend of 16.5p per share totaling £6,600,000 during the year (2004: £1.00 per share totaling £40,000,000).

**PSA FINANCE PLC**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2005

**11. TAXATION**

	2005 £000	2004 £000
<b>Analysis of tax charge in year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax on profits of the year	(892)	(25)
Adjustments in respect of prior periods	(1,049)	(2,329)
<b>Total current tax</b>	<u>(1,941)</u>	<u>(2,354)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	3,458	5,381
<b>Total deferred tax</b> (see note 16)	<u>3,458</u>	<u>5,381</u>
<b>Tax on profit on ordinary activities</b>	<u><u>1,517</u></u>	<u><u>3,027</u></u>

**Factors affecting tax charge for year**

The tax assessed for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £000	2004 £000
Profit on ordinary activities before tax	<u>5,284</u>	<u>10,091</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 - 30%)	1,585	3,027
<b>Effects of:</b>		
Depreciation for the year in excess of capital allowances	(2,436)	(210)
Provisions and short term timing differences	(45)	(2,914)
Non-allowable provisions and other non-equalised items	4	72
Adjustments to tax charge in respect of prior periods	(1,049)	(2,329)
<b>Current tax charge for year</b> (see note above)	<u><u>(1,941)</u></u>	<u><u>(2,354)</u></u>

**Factors that may affect future tax charges**

As the Company continues to run down the portfolio of agreements, future capital allowances will exceed depreciation giving an effective current tax rate lower than the standard rate of corporation tax.

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**PSA FINANCE PLC**

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2005

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**12. TANGIBLE FIXED ASSETS**

	Assets held for use in operating leases £000	Equipment £000	Total £000
<b>Cost</b>			
At 1 January 2005	13,809	366	14,175
Disposals	(12,871)	-	(12,871)
	<u>938</u>	<u>366</u>	<u>1,304</u>
At 31 December 2005			
<b>Depreciation</b>			
At 1 January 2005	9,429	366	9,795
Charge for the year	442	-	442
On disposals	(9,148)	-	(9,148)
	<u>723</u>	<u>366</u>	<u>1,089</u>
At 31 December 2005			
<b>Net book value</b>			
At 31 December 2005	<u>215</u>	<u>-</u>	<u>215</u>
At 31 December 2004	<u>4,380</u>	<u>-</u>	<u>4,380</u>



**PSA FINANCE PLC**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2005

**13. DEBTORS**

	2005 £000	2004 £000
<b>Due after more than one year</b>		
Net investments in finance leases*	2	164
Net investments in installment credit agreements	<u>18</u>	<u>2,455</u>
	<u>20</u>	<u>2,619</u>
<b>Due within one year</b>		
Trade debtors	404	932
Other debtors	184	199
Amounts due from group undertakings	280	-
Prepayments	21	178
Net investment in finance leases*	1,379	8,535
Net investment in installment credit agreements	375	17,408
Corporation tax recoverable	1,429	2,373
	<u>4,072</u>	<u>29,625</u>
<b>Total debtors</b>	<u>4,092</u>	<u>32,244</u>

\* Assets made available to third parties under finance leases originally cost £13,761,000 (2004 - £51,736,000).

**14. RESIDUAL VALUES**

	2005 £'000	2004 £'000
<b>Operating leases</b>		
Within one year	23	1,502
Between one-two years	-	29
Between two-five years	-	-
	<u>23</u>	<u>1,531</u>
<b>Finance leases</b>		
Within one year	186	5,740
Between one-two years	34	137
Between two-five years	-	34
	<u>220</u>	<u>5,911</u>

The net book values of operating and finance lease assets include residual values at the end of the current lease terms, which will be recovered through re-letting or disposal in the following periods. The residual value is the expected disposal value of the vehicle at the end of the life of the agreement. Other members of the PSA Peugeot Citroen Group guarantee all residual values with regards to finance leases. Periodic revaluations are undertaken and any reductions in assumed values are recognised immediately.

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**PSA FINANCE PLC**

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2005

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**15. CREDITORS:**

**Amounts falling due within one year**

	<b>2005</b>	<i>restated</i> <b>2004</b>
	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts	<b>156</b>	1,935
Trade creditors	<b>1,552</b>	2,281
Accruals	<b>1,143</b>	1,780
Other taxes	<b>1,980</b>	4,501
Amounts owed to group undertakings	-	223
Amounts owed to other substantial shareholder	-	823
	<hr/> <b>4,831</b> <hr/>	<hr/> <b>11,543</b> <hr/>

**16. DEFERRED TAXATION (ASSET)**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
At 1 January 2005	<b>(11,855)</b>	(17,236)
Charge for the year	<b>3,458</b>	5,381
	<hr/> <b>(8,397)</b> <hr/>	<hr/> <b>(11,855)</b> <hr/>

Deferred taxation is made up as follows:

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Deferred capital allowances	<b>(8,392)</b>	(11,764)
Provisions and short term timing differences	<b>(5)</b>	(91)
	<hr/> <b>(8,397)</b> <hr/>	<hr/> <b>(11,855)</b> <hr/>

The above balance represents an asset.

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PSA FINANCE PLC

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NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2005

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17. SHARE CAPITAL

	2005 £	2004 £
<b>Authorised</b>		
20,000,000 "A" Ordinary shares of £1 each	20,000,000	20,000,000
20,000,000 "B" Ordinary shares of £1 each	<u>20,000,000</u>	<u>20,000,000</u>
	<u>40,000,000</u>	<u>40,000,000</u>
<b>Allotted, called up and fully paid</b>		
20,000,000 "A" Ordinary shares of £1 each	20,000,000	20,000,000
20,000,000 "B" Ordinary shares of £1 each	<u>20,000,000</u>	<u>20,000,000</u>
	<u>40,000,000</u>	<u>40,000,000</u>

Class "A" and "B" shares are classified as equity shares. This classification is based upon the definitions for equity and financial liabilities given in Financial Reporting Standard number 25.

18. RESERVES

<b>Profit and loss account</b>	<b>£000</b>
At 1 January 2005	1,064
Prior year adjustment (note 19)	<u>6,600</u>
At 1 January 2005 as restated	7,664
Loss for the year	<u>(2,832)</u>
At 31 December 2005	<u>4,832</u>

19. PRIOR YEAR ADJUSTMENT

The company has adopted FRS 21 Events after the Balance Sheet date and FRS 25 relating to the Classification of Equity Instruments, as stated under note 1 Accounting Policies.

**PSA FINANCE PLC**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2005

**20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2005 £000	2004 <i>Restated</i> £000
Profit for the year	3,768	7,064
Dividends	(6,600)	(40,000)
Net movement in shareholders' funds	<u>(2,832)</u>	<u>(32,936)</u>
Opening shareholders' funds	<u>47,664</u>	<u>80,600</u>
Closing shareholders' funds	<u><u>44,832</u></u>	<u><u>47,664</u></u>

**21. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2005 £000	2004 £000
Operating profit, excluding profit on leases	3,743	13,468
Depreciation of tangible fixed assets	442	5,487
Decrease in debtors	701	3,769
Decrease in installment credit balances	19,469	167,596
Decrease in finance leases	7,318	51,540
Decrease in amounts owed by group undertakings	-	3
Increase in amounts owed by participating interests	(280)	-
Increase in creditors	(3,887)	(7,547)
NET CASH INFLOW FROM OPERATIONS	<u><u>27,506</u></u>	<u><u>234,316</u></u>

**22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2005 £000	2004 £000
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest receivable less payable	<u><u>1,451</u></u>	<u><u>(3,750)</u></u>

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**PSA FINANCE PLC**

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2005

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**22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**  
(continued)

	2005 £000	2004 £000
<b>TAXATION</b>		
Corporation tax repaid/(paid)	<u>2,885</u>	<u>(3,958)</u>
	2005 £000	2004 £000
<b>CAPITAL RECEIPTS</b>		
Proceeds on sale of tangible fixed assets	<u>3,814</u>	<u>13,072</u>
	2005 £000	2004 £000
<b>FINANCING</b>		
Repayment of loans	<u>(2,825)</u>	<u>(188,952)</u>

**23. ANALYSIS OF CHANGES IN NET DEBT**

	1 January 2005 £000	Cash flow £000	31 December 2005 £000
Cash at bank and in hand:	10,728	26,231	36,959
<b>DEBT:</b>			
Debts due within one year	(2,980)	2,825	(155)
<b>NET FUNDS</b>	<u>7,748</u>	<u>29,056</u>	<u>36,804</u>

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## PSA FINANCE PLC

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### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2005

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#### 24. RELATED PARTY TRANSACTIONS

The following are related parties of the Company with whom material transactions were undertaken during the year:

<u>Related Party</u>	<u>Relationship</u>
PSA Wholesale Limited	Holds 100% of class A shares.
Peugeot Motor Company Plc	A fellow subsidiary of Peugeot S.A.
Citroen UK Limited	A fellow subsidiary of Peugeot S.A.
Robins and Day Limited	A fellow subsidiary of Peugeot S.A.
Banque PSA Finance	A fellow subsidiary of Peugeot S.A.
Abbey National Bank Plc	Holds 100% of class B and C shares.
First National Motor Plc	A subsidiary of Abbey National Plc.

The Company works closely with other members of the PSA Peugeot Citroen group and members of the Abbey National plc group. In the normal course of business it receives sales support and guarantees from, and pays commission to other members of the PSA Peugeot Citroen group. In 2005 the Company exercised options under guarantees of £11,887,000 (2004 - £50,448,000). In the year £241,000 (2004 - £1,399,000) was paid for services provided by First National Motor plc.

#### 25. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is PSA Wholesale Limited registered in England and Wales. The ultimate parent undertaking and the ultimate controlling party is Peugeot S.A., incorporated in France and is the largest group for which group accounts are prepared.

PSA Wholesale Ltd is the holder of the 'A' Ordinary Shares of £1 each in the Company and as a result nominates the Chairman of the Board of Directors who has the casting vote.

PSA Wholesale Ltd is the immediate parent of the Company by virtue of it exercising dominant management control over the Company.

Copies of the financial statements of PSA Wholesale Limited can be obtained from: The Secretary, PSA Wholesale Limited, Quadrant House, Princess Way, Redhill, Surrey, RH1 1QA.

Copies of the financial statements of Peugeot S.A. can be obtained from 75 Avenue De La Grande Armee, 75116 Paris, France.