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Company Registration No. 2091272

IBC VEHICLES LIMITED

Report and Financial Statements

31 December 1998

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



REPORT AND FINANCIAL STATEMENTS 1998

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REPORT AND FINANCIAL STATEMENTS 1998

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C M Trudell	(Resigned 18/1/99)
D N Reilly	
JW Henderson	(Resigned 1/9/98)
K Kuramochi	(Resigned 28/9/98)
J Bailey	(Resigned 22/2/99)
R Van der Kooi	(Appointed 1/9/98) (Resigned 22/2/99)
P Thom	(Appointed 18/1/99)
C Gubbey	(Appointed 22/2/99)
W Jung	(Appointed 22/2/99)
R Harting	(Appointed 22/2/99)

SECRETARY

D McCrum

REGISTERED OFFICE

P O Box 163
Kimpton Road
Luton LU2 0TY

BANKERS

Midland Bank plc
63 George Street
Luton LU1 2AP

Barclays Bank PLC
38 George Street
Luton LU1 2AE

SOLICITORS

Manches & Co
Aldwych House
81 Aldwych
London WC2B 4RP

AUDITORS

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

ACTIVITIES

The activities of the group continue to be the manufacture and distribution of motor vehicles, pressed parts and related spare parts and components.

Within the UK, the company's main products are marketed as the Vauxhall Frontera and the Vauxhall Frontera Sport. In all other European countries, these products are sold under the Opel badge.

REVIEW OF DEVELOPMENTS

In 1998 the previous model Frontera was replaced by a completely new Frontera model which was launched in the market in November 1998. Despite the anticipated start-up production losses, total sales volume dropped by a less than anticipated 2% versus 1997 to 24,579 units. The expenditure related to the start-up and the strong pound caused a loss of £57.9 million.

During 1998, GM Holdings (UK) bought back the remaining 16.5% of the share capital previously owned by Isuzu Motors so that IBC Vehicles is now wholly owned by GM Holdings (UK) and, therefore, ultimately by General Motors Corporation.

DIVIDENDS

The directors do not propose the payment of a dividend (1997 - £nil).

FUTURE PROSPECTS

The directors are of the opinion that 1999 will be a very demanding year. The new Frontera model has seen a very positive reaction in the marketplace, and total sales volume is – in the first full calendar year of production – forecast to be significantly above prior year levels. However, competition in the recreational vehicle segment is becoming even tougher, with several new competitors entering the market and other main competitors revising their product offer. Therefore, price pressures are expected to increase further in all major markets which, together with the continued strong Pound, implies that the company will not be profitable in 1999.

Longer term, the production of a medium-duty van commencing in 2001 as well as further expansion of the Press facility should help to improve and stabilise the company's profit projections. In preparation of the investment planned for the medium-duty van to be produced in IBC in 2001, the Board of Directors of General Motors Corporation approved a significant recapitalisation of IBC which is disclosed in note 22.

FIXED ASSETS

During the course of the year £19.6m (1997 - £42.9 million) was spent on additional tangible fixed assets. The majority of this was on production tools for the Frontera range of vehicles and press shop improvements. Movements in tangible fixed assets are set out in note 10.

Development work continues on this vehicle with costs being capitalised as explained in note 9 to the accounts.

DIRECTORS

The directors who served during the year are listed on page 1.

No director had any interests in any shares of the company or the group. No director was or is materially interested in any contract subsisting during, or at the end of, the financial year.

DIRECTORS' REPORT (continued)

EMPLOYEE INVOLVEMENT

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 Company Joint Council. 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 the possibility of employing disabled persons wherever suitable opportunities exist. Employees who become disabled are given every opportunity and assistance to continue in their employment or to be trained for other suitable positions.

CHARITABLE CONTRIBUTIONS

The company has made donations of £4,800 (1997: £4,800) during the year for charitable purposes. No political donations were made (1997 - £nil).

YEAR 2000

The company has implemented a comprehensive changeover and testing plan for all systems and applications that might be affected by the Year 2000 problem. Testing started in 1998 and is being carried out in line with the original timetable. It is being governed by the General Motors Europe strategy on Year 2000 testing.

The cost to date and the anticipated future cost of Year 2000 compliance work are not material.

EURO CONVERSION

Since 1998, an internal company workgroup has been working on the conversion to the Euro in all business areas. This is being done in accordance with the EMU compliance strategy developed by General Motors Europe. The company's changeover plan is on schedule, and all major suppliers have been informed about the plan and its implications on affected business processes.

AUDITORS

A resolution to reappoint Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

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



P Thom
Director

19 July 1999

Luton, Bedfordshire

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group at the end of the financial year and of the profit or loss of the group for that period. In preparing those 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 accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business.

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



AUDITORS' REPORT TO THE MEMBERS OF IBC VEHICLES LIMITED

We have audited the financial statements on pages 6 to 19 which have been prepared under the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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 of the state of affairs of the company and the group as at 31 December 1998 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

22 July 1999

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 1998

	Note	1998 £'000	1997 £'000
TURNOVER - Continuing operations	2	293,807	283,239
Cost of sales		<u>(334,808)</u>	<u>(314,348)</u>
Gross loss		(41,001)	(31,109)
Distribution costs		(1,324)	(2,027)
Administrative expenses		(7,447)	(8,540)
Other operating (expenditure)/income		<u>(197)</u>	<u>1,213</u>
OPERATING LOSS – Continuing operations		(49,969)	(40,463)
Interest receivable and similar income	3	247	1,671
Interest payable and similar charges	4	<u>(8,144)</u>	<u>(2,865)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(57,866)	(41,657)
Tax on loss on ordinary activities	6	<u>-</u>	<u>466</u>
LOSS FOR THE FINANCIAL YEAR	16	<u><u>(57,866)</u></u>	<u><u>(41,191)</u></u>

There are no recognised gains or losses for the current financial year and preceding financial year other than as stated in the profit and loss account.

CONSOLIDATED BALANCE SHEET
31 December 1998

	Note	£'000	1998 £'000	1997 £'000
FIXED ASSETS				
Intangible assets	9		6,030	4,940
Tangible assets	10		133,418	125,468
			<u>139,448</u>	<u>130,408</u>
CURRENT ASSETS				
Stocks	12	38,866		37,755
Debtors	13	55,230		23,126
Cash at bank and in hand		17,722		18,097
		<u>111,818</u>		<u>78,978</u>
CREDITORS: amounts falling due				
Within one year	14	<u>(250,356)</u>	<u>(145,424)</u>	
NET CURRENT LIABILITIES			<u>(138,538)</u>	<u>(66,446)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			910	63,962
CREDITORS: amounts falling due after more than one year	15		<u>(26,420)</u>	<u>(31,606)</u>
TOTAL NET ASSETS			<u>(25,510)</u>	<u>32,356</u>
CAPITAL AND RESERVES				
Called up share capital	16		80,000	80,000
Other reserves	16		-	50
Profit and loss account	16		<u>(105,510)</u>	<u>(47,694)</u>
Equity shareholders' funds			<u>(25,510)</u>	<u>32,356</u>

These financial statements were approved by the Board of Directors on 19 July 1999 and signed on its behalf by:



P Thom

19 July 1999

COMPANY BALANCE SHEET
31 December 1998

	Note	£'000	1998 £'000	1997 £'000
FIXED ASSETS				
Intangible assets	9		6,030	4,940
Tangible assets	10		133,418	125,468
Investments	11		100	100
			<u>139,548</u>	<u>130,508</u>
CURRENT ASSETS				
Stocks	12	37,634		37,511
Debtors	13	103,628		34,089
Cash at bank and in hand		17,201		17,879
		<u>158,463</u>		<u>89,479</u>
CREDITORS: amounts falling due				
Within one year	14	<u>(297,029)</u>		<u>(155,953)</u>
NET CURRENT LIABILITIES			<u>(138,566)</u>	<u>(66,474)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			982	64,034
CREDITORS: amounts falling due after more than one year	15		<u>(26,420)</u>	<u>(31,606)</u>
TOTAL NET ASSETS			<u>(25,438)</u>	<u>32,428</u>
CAPITAL AND RESERVES				
Called up share capital	16		80,000	80,000
Other reserves	16		-	50
Profit and loss account	16		<u>(105,438)</u>	<u>(47,622)</u>
Equity shareholders' funds			<u>(25,438)</u>	<u>32,428</u>

These financial statements were approved by the Board of Directors on 19 July 1999, and signed on its behalf by:


P Thom

19 July 1999

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS
Year ended 31 December 1998

	1998	1997
	£'000	£'000
Loss for the financial year	(57,866)	(41,191)
New share capital subscribed	-	7,000
Opening shareholders' funds	<u>32,356</u>	<u>66,547</u>
Closing shareholders' funds	<u><u>(25,510)</u></u>	<u><u>32,356</u></u>

**NOTES TO THE ACCOUNTS**
Year ended 31 December 1998**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets as described in note 10.

Basis of consolidation

The group financial statements consolidate the financial results of the company and its subsidiary for the year ended 31 December 1998.

Fixed assets

Freehold land is not depreciated. The cost or valuation of other fixed assets is depreciated by equal monthly instalments over the expected useful lives of the assets as follows:

Freehold buildings	25 years
Plant, machinery and equipment	4 to 25 years
Office equipment	3 to 5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or over the periods of the leases where these are shorter.

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.

Research and development

Development expenditure attributable to major projects whose technical feasibility and commercial viability are reasonably assured is capitalised and amortised over the product's anticipated life.

Leased assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company are capitalised at their fair value.

The capital element of the related rental obligations is included in creditors. The interest element of the rental obligation is charged to the profit and loss account so as to produce a constant rate of charge on the remaining balance of the obligations. Rentals in respect of operating leases are charged to the profit and loss account as incurred.

Capital reserve

The excess of the fair market value ascribed to the net tangible assets over the purchase consideration paid for the business of the company at the date of its commencement was transferred to an unrealised capital reserve account. An amount is transferred annually from the unrealised capital reserve account to realised reserves in accordance with standard accounting practice, over the expected useful life of the assets acquired.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising 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 to the extent that it is probable that a liability or asset will crystallise in the future.



NOTES TO THE ACCOUNTS
Year ended 31 December 1998

1. ACCOUNTING POLICIES (continued)

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Costs used in the valuation are based either on the first-in, first-out basis, or on a weighted average basis, and relate to material, direct labour and appropriate overheads.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Pension costs

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

Warranty liability on company products

Provision is made for potential abnormal warranty or service liabilities on all products. Normal warranty costs are dealt with by the final wholesaler.

2. TURNOVER - GEOGRAPHICAL ANALYSIS

	1998 £'000	1997 £'000
United Kingdom	82,903	90,305
Other European countries	208,997	183,094
Outside Europe	1,907	9,840
	<u>293,807</u>	<u>283,239</u>

A geographical analysis of the loss before tax has not been given as, in the opinion of the directors, this would be prejudicial to the interests of the company.

The group is engaged solely in the manufacture and distribution of motor vehicles and related spare parts and components.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	1998 £'000	1997 £'000
Bank interest	247	1,520
Exchange gains	-	151
	<u>247</u>	<u>1,671</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1998	1997
	£'000	£'000
Bank loans, overdrafts and other loans.	5,522	370
Exchange losses	203	-
Finance leases	2,419	2,495
	<u>8,144</u>	<u>2,865</u>

5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	1998	1997
	£'000	£'000
Loss on ordinary activities before taxation is after charging:		
Depreciation and amortisation of tangible fixed assets:		
Owned assets	7,095	11,830
Assets held under finance leases	2,420	7,423
Amortisation of intangible fixed assets	400	6,997
Research and development	5,966	2,695
Auditors' remuneration:		
Audit services	60	59
Other services	4	17
	<u> </u>	<u> </u>

6. TAXATION

	1998	1997
	£'000	£'000
United Kingdom corporation tax based on the profit for the year	-	-
Adjustment in respect of prior years	-	(466)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

There is no provided or unprovided deferred tax liability at 31 December 1998 (1997: £nil). There is no tax credit as current year losses will be surrendered for no consideration.



NOTES TO THE ACCOUNTS
Year ended 31 December 1998

7. DIRECTORS' EMOLUMENTS

	1998 £'000	1997 £'000
Emoluments (excluding pension contributions and awards under share option schemes and other long-term incentive schemes)	564	607
Contributions paid to a money purchase pension scheme	1	-
	<u> </u>	<u> </u>
Awards (other than shares and share options) receivable during the year under long-term incentive schemes	-	-
	<u> </u>	<u> </u>
	No.	No.
Number of directors (* - includes the highest paid director) who:		
• are members of a defined benefit pension scheme	2*	2*
• exercised share options	2*	2*
• have received awards during the year in the form of shares under long-term incentive schemes	1*	1*
	<u> </u>	<u> </u>
	£'000	£'000
Highest paid director's remuneration:		
Aggregate of emoluments and awards under long-term incentive schemes (excluding pension contributions, share options gains and awards in the form of shares)	360	375
	<u> </u>	<u> </u>
The amount of the accrued pension of the highest-paid director at 31 December 1998 is £22,000 p.a.		
	£'000	£'000
Amounts shown above which are paid to third parties for services of directors	529	573
	<u> </u>	<u> </u>



NOTES TO THE ACCOUNTS
Year ended 31 December 1998

8. EMPLOYEES

	1998	1997
	No.	No.
Average weekly number		
Administration	212	208
Production	1,505	1,572
	<u>1,717</u>	<u>1,780</u>
	£'000	£'000
Costs		
Wages and salaries	40,078	37,394
Social security costs	3,115	2,928
Pension costs	2,986	2,621
	<u>46,179</u>	<u>42,943</u>

9. INTANGIBLE FIXED ASSETS

	Development costs £'000
The Group and the Company	
Cost	
At 1 January 1998	38,815
Expenditure during the year	1,490
At 31 December 1998	<u>40,305</u>
Amortisation	
At 1 January 1998	33,875
Amount charged in the year	400
At 31 December 1998	<u>34,275</u>
Net book value	
At 31 December 1998	<u>6,030</u>
At 31 December 1997	<u>4,940</u>

The costs capitalised during the year are in respect of future improvements to the Frontera vehicles.

The remaining costs for uncompleted projects will be amortised at the start of commercial production.



NOTES TO THE ACCOUNTS
Year ended 31 December 1998

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant, machinery and equipment £'000	Special tools, jigs and dies £'000	Total £'000
The Group and the Company				
Cost				
At 1 January 1998	20,874	88,539	115,953	225,366
Additions at cost	1,016	8,361	10,232	19,609
Disposals	(1)	(4,004)	(73,020)	(77,025)
	<u>21,889</u>	<u>92,896</u>	<u>53,165</u>	<u>167,950</u>
At 31 December 1998				
Depreciation				
At 1 January 1998	2,842	23,394	73,662	99,898
Charge for the year	646	4,401	4,468	9,515
Disposals	(1)	(1,860)	(73,020)	(74,881)
	<u>3,487</u>	<u>25,935</u>	<u>5,110</u>	<u>34,532</u>
At 31 December 1998				
Net book value				
At 31 December 1998	<u>18,402</u>	<u>66,961</u>	<u>48,055</u>	<u>133,418</u>
At 31 December 1997	<u>18,032</u>	<u>65,145</u>	<u>42,291</u>	<u>125,468</u>

The net book value of fixed assets includes £34,220,000 (1997 - £37,547,000) in respect of assets held under finance leases, of which £34,220,000 (1997: 37,547,000) relates to plant, machinery and equipment.

Certain assets transferred to the company during the period ended 31 December 1988 were valued on an open market value for existing use basis at 31 July 1987 by Arthur D. Little Valuation Inc., valuers, at £9.9 million. The surplus over consideration paid of £1.9 million was transferred to the capital reserve.

11. INVESTMENTS

	£'000
The Company	
Shares in subsidiary at cost:	
At 1 January 1998 and at	
31 December 1998	<u>100</u>

The company's sole subsidiary is IBC Vehicles (Distribution) Limited which is wholly owned. This company, which is registered in England and Wales, is a motor vehicle distributor.

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

12. STOCKS

	The Group		The Company	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Raw materials	25,335	20,319	25,335	20,319
Work in progress	1,876	1,379	1,876	1,379
Finished goods and goods for resale	1,232	256	-	12
Motor vehicles sold under sale and repurchase agreements	10,423	15,801	10,423	15,801
	<u>38,866</u>	<u>37,755</u>	<u>37,634</u>	<u>37,511</u>

13. DEBTORS

	The Group		The Company	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Trade debtors	2,080	2,602	1,004	525
Amounts owed by group undertakings:				
Subsidiary	-	-	90,830	26,609
Fellow subsidiary undertakings	37,888	17,554	11,287	6,504
Other debtors	14,967	848	212	195
Prepayments and accrued income	295	2,122	295	256
	<u>55,230</u>	<u>23,126</u>	<u>103,628</u>	<u>34,089</u>

14. CREDITORS: amounts falling due within one year

	The Group		The Company	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Bank loans and overdrafts	12,224	10,677	12,224	10,677
Trade creditors	46,199	49,864	46,174	49,758
Bills of exchange payable	5,724	5,206	5,724	5,206
Amounts owed to group undertakings:				
Subsidiary undertakings	-	-	48,595	16,960
Fellow subsidiary undertakings	150,722	34,116	149,573	31,171
Taxation and social security	9,607	4,777	9,536	4,777
Obligations under finance leases (see note 15)	5,184	4,810	5,184	4,810
Accruals	14,356	21,855	13,679	18,475
Liability for repurchase of specific vehicles sold under sale and repurchase agreements	6,340	14,119	6,340	14,119
	<u>250,356</u>	<u>145,424</u>	<u>297,029</u>	<u>155,953</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

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

	The Group and the Company	
	1998	1997
	£'000	£'000
Obligations under finance leases	26,420	31,606

Finance leases are repayable in instalments at varying rates of interest.

The capital amounts due under finance lease obligations are as follows:

	£'000	£'000
Within one year (see note 14)	5,184	4,810
Within two to five years	13,156	15,742
After five years	13,264	15,864
	<u>31,604</u>	<u>36,416</u>

16. CAPITAL AND RESERVES

	1998	1997	1998	1997
	No	No	£'000	£'000
Called up share capital				
Authorised				
Ordinary shares of £1 each	80,000,000	80,000,000	80,000	80,000
Allotted, called up and fully paid				
"G" £1 ordinary shares	-	66,800,000	-	66,800
"I" £1 ordinary shares	-	13,200,000	-	13,200
£1 ordinary shares	80,000,000	-	80,000	-
	<u>80,000,000</u>	<u>80,000,000</u>	<u>80,000</u>	<u>80,000</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

16. CAPITAL AND RESERVES (continued)

	The Group and the Company Capital Reserve £'000	The Group Profit and loss account £'000	The Company Profit and loss account £'000
Reserves			
Balance at 1 January 1998	50	(47,694)	(47,622)
Capital reserve transfer	(50)	50	50
Loss for the financial year	-	(57,866)	(57,866)
	<u>-</u>	<u>(105,510)</u>	<u>(105,438)</u>
Balance at 31 December 1998	<u>-</u>	<u>(105,510)</u>	<u>(105,438)</u>

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The group's loss for the financial year attributable to shareholders includes £57,866,000 (1997: £41,192,000) which is dealt with in the financial statements of the parent company.

17. MAJOR NON-CASH TRANSACTIONS

During the year the company/group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £nil (1997: £4,637,000).

18. CONTINGENT LIABILITIES

There are no material contingent liabilities.

19. COMMITMENTS

Capital expenditure commitments not provided for in these financial statements are:

	1998 £'000	1997 £'000
Committed	<u>2,936</u>	<u>5,857</u>

20. PENSIONS

The company operates a funded defined benefit pension scheme for all qualified employees. The assets of the scheme are held in a separate trustee administered fund. The scheme is subject to triennial valuation by independent actuaries, the last valuation being carried out at 1 January 1997, using the projected unit method, in which the actuarial liability makes allowances for projected earning. The following actuarial assumptions were applied:

Investment returns	9% per annum
Salary growth	6% per annum until 1 January 2000, 7% thereafter
Pension increases	2.5% per annum in respect of pensions in payment for service before 6 April 1998, 4% thereafter

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

At the last actuarial valuation date, the market value of the assets of the scheme was £77.9 million and the actuarial value was sufficient to cover 98.0% of the benefits which had accrued to members, after allowing for expected future increases in earning. The employer's contribution rate over the average remaining service lives of the members of the scheme takes account of the deficit disclosed by the valuation.

21. RELATED PARTY TRANSACTIONS

IBC Vehicles Limited was 100% owned by GM Holdings UK at 31 December 1998. Its ultimate parent undertaking is General Motors Corporation, a company incorporated in the State of Delaware, United States of America. The related parties of IBC Vehicles Limited are the group undertakings of the ultimate parent undertaking and these are disclosed in its financial statements (see table below).

IBC Vehicles Limited had a number of transactions which are classified as related party transactions under the definitions given in Financial Reporting Standard 8, "Related Party Disclosures", during the year ended 31 December 1998. The related party transactions included in the consolidated accounts are:

	Note	1998 £'000	1997 £'000
Sales of goods to group undertakings	2	268,665	267,629
Purchases of goods from group undertakings		29,318	20,661
Purchases of fixed assets from group undertakings	10	300	2,031
Research and development costs incurred by group undertakings and recharged to IBC Vehicles Limited	5	2,801	1,887
Provision of equity finance by GM Holdings UK, an intermediate parent undertaking		-	7,000
		<u> </u>	<u> </u>

Amounts owed by group undertakings and amounts owed to group undertakings are disclosed in notes 13 and 14 respectively.

22. EVENT OCCURRING AFTER THE END OF THE YEAR

On 28 June 1999 the authorised share capital was increased by 159,000,000 ordinary shares of £1 each and 159,000,000 fully paid ordinary shares of £1 each were issued at par to the ultimate parent entity. The purpose of the issue was to provide additional working capital for the company.

23. ULTIMATE PARENT UNDERTAKING

The ultimate parent company and ultimate controlling party is General Motors Corporation, a company incorporated in the State of Delaware, United States of America. The consolidated financial statements of General Motors Corporation may be obtained from Global Headquarters, 200 Renaissance Centre, 27 Floor – Tower 200, PO Box 200, Detroit, Michigan 48265-2000, USA.

The results of the company are also included in the consolidated financial statements of GM Holdings UK, the immediate parent company, which are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.