

**Touche  
Ross**

Deloitte Touche  
Tohmatsu  
International



Company Registration No. 2091272

**IBC VEHICLES LIMITED**

**Report and Financial Statements**

**31 December 1994**

**Touche Ross & Co.  
Hill House  
1 Little New Street  
London EC4A 3TR**



**REPORT AND FINANCIAL STATEMENTS 1994**

<b>CONTENTS</b>	<b>Page</b>
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Auditors' report	5
Consolidated profit and loss account	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated cash flow statement	9
Notes to the accounts	11

**REPORT AND FINANCIAL STATEMENTS 1994****OFFICERS AND PROFESSIONAL ADVISERS****DIRECTORS**

H Sasaki	(Resigned 7 September 1994)
J F Smith	(Resigned 7 September 1994)
G C Nicolaidis	(Resigned 7 September 1994)
K Murakami	(Appointed 7 September 1994)
P W Schmidt	(Resigned 23 October 1994)
M L Wolf	
I Sugihara	(Resigned 6 September 1995)
M Shinoda	(Resigned 8 June 1995)
D P Sallee	(Resigned 6 September 1995)
D E Clark	
T Okajima	(Resigned 7 September 1994)
P F Murtaugh	(Appointed 7 September 1994)
S Mackie	(Appointed 7 September 1994)
W Borst	(Appointed 7 June 1995, resigned 6 September 1995)
T Sannomiya	(Appointed 7 June 1995, resigned 6 September 1995)

**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**

Slaughter & May  
35 Basinghall Street  
London EC2V 5DP

Taylor & Walton  
4 George Street  
Luton LU1 2BJ

**AUDITORS**

Touche Ross & Co.  
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 1994.

### ACTIVITIES

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

Within the UK, the company's main products are marketed as the Vauxhall Frontera, Vauxhall Frontera Sport and the Vauxhall Midi. All products are sold in various European countries, the Frontera being sold under the Opel badge.

### REVIEW OF DEVELOPMENTS

1994 has been the most profitable for IBC Vehicles Ltd since inception, despite disappointing volumes in Europe.

The Frontera has maintained its position as the leading four-wheel drive vehicle in the market place, and this together with a strong commitment to continuous improvement in production methods and labour efficiency has contributed to the increased profit made in the year.

	1994 £'000	1993 £'000
In summary the results are:		
Turnover	461,058	638,871
Profit after tax	<u>18,762</u>	<u>12,784</u>

### DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not propose the payment of a dividend. The profit for the year of £18,762,000 (1993 - £12,784,000) has been transferred to reserves.

### FUTURE PROSPECTS

The directors are of the opinion that 1995 will be a demanding year.

The slow growth of the European economies coupled with a strengthening yen will create major challenges for IBC.

### FIXED ASSETS

During the course of the year £17.2 million (1993 - £10.3 million) was spent on additional tangible fixed assets. The majority of this was on production tools for the Frontera range of vehicles. 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 are listed on page 1. All directors held office throughout the year except as otherwise indicated.

No director had any interests in any shares of the company. 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 twice a year on the current business status and the immediate outlook.

**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 during the year for charitable purposes. No political donations were made.

**AUDITORS**

Touche Ross & Co. have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

A handwritten signature in black ink, appearing to read 'P F Murtaugh'.

P F Murtaugh

Director

30 OCTOBER 1995

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 company 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. They are also responsible 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.



## Chartered Accountants

Touche Ross & Co.  
Hill House  
1 Little New Street  
London EC4A 3TR

Telephone: National 0171 936 3000  
International + 44 171 936 3000  
Telex: 884739 TRLNDN G  
Fax (Gp. 3): 0171 583 8517  
LDE: DX 599

## AUDITORS' REPORT TO THE MEMBERS OF IBC VEHICLES LIMITED

We have audited the financial statements on pages 6 to 21 which have been prepared under the accounting policies set out on pages 11 and 12.

### 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 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Touche Ross & Co.*

Chartered Accountants and  
Registered Auditors

*30 October* 1995

AC00BJR5.DOC



**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
Year ended 31 December 1994

	Note	1994 £'000	1993 £'000
<b>TURNOVER - Continuing operations</b>	2	461,058	638,871
Cost of sales		(431,827)	(614,647)
Gross profit		29,231	24,224
Distribution costs		(2,986)	(2,706)
Administrative expenses		(5,200)	(8,564)
Other operating income		15	3,044
<b>OPERATING PROFIT - Continuing operations</b>		21,060	15,998
Interest receivable and similar income	3	1,267	2,229
Interest payable and similar charges	4	(3,565)	(8,943)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	18,762	9,284
Tax credit on profit on ordinary activities	6	-	3,500
<b>PROFIT FOR THE FINANCIAL YEAR</b>	17	18,762	12,784

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.

The increase in shareholders funds in the year is £18,762,000 and represents the profit for the financial year.





**CONSOLIDATED BALANCE SHEET**  
**31 December 1994**

	Note	1994 £'000	1993 £'000
<b>FIXED ASSETS</b>			
Intangible assets	9	21,305	19,919
Tangible assets	10	73,293	76,494
		<u>94,598</u>	<u>96,413</u>
<b>CURRENT ASSETS</b>			
Stocks	12	45,917	47,046
Debtors	13	46,238	55,340
Cash at bank and in hand		18,838	13,938
		<u>110,993</u>	<u>116,324</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(129,351)</u>	<u>(150,088)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(18,358)</u>	<u>(33,764)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		76,240	62,649
<b>CREDITORS: amounts falling due after more than one year</b>	15	(26,914)	(35,925)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	<u>(4,295)</u>	<u>(455)</u>
		<u>45,031</u>	<u>26,269</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	33,000	33,000
Other reserves	17	415	527
Profit and loss account	17	11,616	(7,258)
Equity shareholders' funds		<u>45,031</u>	<u>26,269</u>

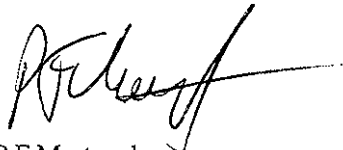
These financial statements were approved by the Board of Directors on 30 October 1995 and signed on its behalf by:

P F Murtaugh

**COMPANY BALANCE SHEET**  
**31 December 1994**

	Note	1994 £'000	1993 £'000
<b>FIXED ASSETS</b>			
Intangible assets	9	21,305	19,919
Tangible assets	10	73,293	76,494
Investments	11	100	100
		<u>94,698</u>	<u>96,513</u>
<b>CURRENT ASSETS</b>			
Stocks	12	42,286	44,894
Debtors	13	101,344	71,220
Cash at bank and in hand		15,635	2
		<u>159,265</u>	<u>116,116</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(177,336)</u>	<u>(149,805)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(18,071)</u>	<u>(33,689)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>76,627</u>	<u>62,824</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15	(26,914)	(35,925)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	<u>(4,294)</u>	<u>(455)</u>
		<u>45,419</u>	<u>26,444</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	33,000	33,000
Other reserves	17	415	527
Profit and loss account	17	12,004	(7,083)
Equity shareholders' funds		<u>45,419</u>	<u>26,444</u>

These financial statements were approved by the Board of Directors on 20 October 1995, and signed on its behalf by:

  
P F Murtaugh



**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**Year ended 31 December 1994**

	Note	1994	1993
		£'000	£'000
<b>Net cash inflow from operating activities</b>	18	39,225	20,944
<b>Returns on investments and servicing of finance</b>			
Interest received		436	2,229
Interest paid		(731)	(5,364)
Interest element of finance lease rental payments		(3,019)	(4,442)
<b>Net cash outflow from returns on investment and servicing of finance</b>		(3,314)	(7,577)
<b>Taxation</b>			
Amounts received in respect of the sale of tax losses to another group company		3,500	-
		3,500	-
<b>Investing activities</b>			
Purchase of tangible fixed assets		(17,141)	(10,205)
Purchase of intangible fixed assets		(6,450)	(8,861)
Disposal of tangible fixed assets		924	262
<b>Net cash outflow from investing activities</b>		(22,667)	(18,804)
<b>Net cash (outflow)/inflow before financing</b>			(5,437)
<b>Financing</b>			
Capital element of finance lease rental payments		(10,057)	(10,144)
<b>Net cash outflow from financing</b>		(10,057)	(10,144)
<b>Increase/(decrease) in cash and cash equivalents</b>	20	6,687	(15,581)

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
**Year ended 31 December 1994**

	1994 £'000	1993 £'000
Profit for the financial year	18,762	12,784
Opening shareholders' funds	<u>26,269</u>	<u>13,485</u>
Closing shareholders' funds	<u><u>45,031</u></u>	<u><u>26,269</u></u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994****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. Comparative figures have been amended to reflect changes in presentation.

**Basis of consolidation**

The group financial statements consolidate the financial results of the company and its subsidiary for the year ended 31 December 1994.

**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	20 years
Plant, machinery and equipment	4 to 16 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 lesser of four years or the product's anticipated life. Other expenditure is charged to the profit and loss account as incurred.

**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 1994**

**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**

	1994 £'000	1993 £'000
United Kingdom	175,494	123,987
Other European countries	282,936	514,884
Outside Europe	2,628	-
	<u>461,058</u>	<u>638,871</u>

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**

	1994 £'000	1993 £'000
Bank interest	436	2,229
Exchange gains	421	-
Interest arising on adjustment to prior periods business rates charges	410	-
	<u>1,267</u>	<u>2,229</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	1994 £'000	1993 £'000
Bank loans, overdrafts and other loans repayable within five years	731	5,364
Finance leases	2,834	3,579
	<u>3,565</u>	<u>8,943</u>

**5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	1994 £'000	1993 £'000
<b>Profit on ordinary activities before taxation is after charging/(crediting):</b>		
Depreciation and amortisation of tangible fixed assets:		
Owned assets	6,610	5,539
Assets held under finance leases	12,762	11,783
Amortisation of intangible fixed assets	5,064	4,367
Research and development	4,019	2,556
Auditors' remuneration:		
Audit services	51	50
Surplus on settlement of insurance claim	-	(3,800)
Early retirements and redundancy costs	2,439	7,600
Adjustment to prior periods business rates charges	3,565	-
	<u>3,565</u>	<u>-</u>

**6. TAXATION**

There is no tax charge for the year due to tax losses brought forward from prior years. The tax credit in 1993 was in respect of the sale of tax losses to another group company.

Provision has not been made for potential deferred taxation liabilities of £7,000,000 (1993 - £5,400,000), relating to fixed asset timing differences and capitalised development costs which are reduced by the existence of equivalent deferred tax assets.

**7. DIRECTORS' EMOLUMENTS**

	1994 £'000	1993 £'000
Directors' emoluments (for managerial services)	11	169
Amounts paid to third parties for services of directors	89	196
	<u>100</u>	<u>365</u>

The chairman did not receive any remuneration from the company.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**7. DIRECTORS' EMOLUMENTS (continued)**

	1994 £'000	1993 £'000
Details, excluding pension contributions, were		
Highest paid director	96	218
	<u>          </u>	<u>          </u>
	No.	No.
Scale of other directors' remuneration		
£ 0 - £ 5,000	10	11
£ 145,001 - £ 150,000	-	1
	<u>          </u>	<u>          </u>

**8. EMPLOYEES**

	1994 No.	1993 No.
Average weekly number		
Administration	125	138
Production	1,971	2,232
	<u>          </u>	<u>          </u>
	2,096	2,370
	<u>          </u>	<u>          </u>
	£'000	£'000
Costs		
Wages and salaries	39,704	44,779
Social security costs	3,226	3,662
Pension costs	2,541	2,712
	<u>          </u>	<u>          </u>
	45,471	51,153
	<u>          </u>	<u>          </u>





**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**9. INTANGIBLE FIXED ASSETS**

<b>The Group and the Company</b>	<b>Development costs £'000</b>
<b>Cost</b>	
At 1 January 1994	27,411
Expenditure during the year	6,450
At 31 December 1994	<u>33,861</u>
<b>Amortisation</b>	
At 1 January 1994	7,492
Amount charged in the year	5,064
At 31 December 1994	<u>12,556</u>
<b>Net book value</b>	
At 31 December 1994	<u>21,305</u>
At 31 December 1993	<u>19,919</u>

The original development costs on the Frontera range of vehicles have been capitalised and carried forward. Amortisation of these costs commenced with the commercial production of the vehicles during 1991. Amortisation is charged according to units of production, and will take place over a maximum of four years from 1 January 1992.

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

A number of these improvements began production in 1993, and are being amortised over a maximum of four years from 1 September 1993.

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



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**10. TANGIBLE FIXED ASSETS**

<b>The Group and the Company</b>	<b>Freehold land and buildings £'000</b>	<b>Plant, machinery and equipment £'000</b>	<b>Special tools, jigs, and dies £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 1994	13,998	38,853	59,745	112,596
Additions at cost	1,715	6,002	9,516	17,232
Disposals	(331)	(2,237)	(100)	(2,668)
	<u>15,382</u>	<u>42,618</u>	<u>69,161</u>	<u>127,161</u>
At 31 December 1994	15,382	42,618	69,161	127,161
<b>Depreciation</b>				
At 1 January 1994	981	10,089	25,032	36,102
Charge for the year	364	3,189	15,819	19,372
Disposals	(4)	(1,538)	(64)	(1,606)
	<u>1,341</u>	<u>11,740</u>	<u>40,787</u>	<u>53,868</u>
At 31 December 1994	1,341	11,740	40,787	53,868
<b>Net book value</b>				
At 31 December 1994	<u>14,041</u>	<u>30,878</u>	<u>28,374</u>	<u>73,293</u>
At 31 December 1993	<u>13,017</u>	<u>28,764</u>	<u>34,713</u>	<u>76,494</u>

The net book value of fixed assets includes £29,698,000 (1993 - £42,639,000) in respect of assets held under finance leases, of which £10,122,000 relates to special tools, jigs and dies and £19,576,000 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**

	<b>£'000</b>
<b>The Company</b>	
Shares in subsidiary at cost:	
At 1 January 1994 and at 31 December 1994	<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 1994**

**12. STOCKS**

	The Group		The Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Raw materials	26,944	40,890	26,944	40,890
Work in progress	2,800	3,940	2,800	3,940
Finished goods and goods for resale	3,631	2,216	-	64
Motor vehicles sold under sale and repurchase agreements	12,542	-	12,542	-
	<u>45,917</u>	<u>47,046</u>	<u>42,286</u>	<u>44,894</u>

**13. DEBTORS**

	The Group		The Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Trade debtors	1,768	464	1,399	240
Amounts owed by group undertakings:				
Subsidiary	-	-	93,684	61,917
Fellow subsidiary undertakings	34,118	44,454	541	4,553
Other debtors	8,343	8,921	5,147	4,169
Prepayments and accrued income	2,009	1,501	573	341
	<u>46,238</u>	<u>55,340</u>	<u>101,344</u>	<u>71,220</u>

**14. CREDITORS: amounts falling due within one year**

	The Group		The Company	
	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Bank loans and overdrafts	3,950	5,737	2,382	4,736
Trade creditors	34,090	49,495	34,046	49,092
Bills of exchange payable	10,532	22,768	10,532	22,768
Amounts owed to group undertakings:				
Subsidiary	-	-	61,755	-
Fellow subsidiary undertakings	19,837	19,828	13,050	21,262
Taxation and social security	15,660	7,609	12,542	7,609
Obligations under finance leases (see note 15)	9,106	10,061	9,106	10,061
Accruals	23,634	34,590	21,381	34,277
Liability for repurchase of specific vehicles sold under sale and repurchase agreements	12,542	-	12,542	-
	<u>129,351</u>	<u>150,088</u>	<u>177,336</u>	<u>149,805</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**15. CREDITORS: amounts falling due after more than one year**

	<b>The Group and the Company</b>	
	<b>1994</b>	<b>1993</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under finance leases	<u>26,914</u>	<u>35,925</u>

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

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

	<b>The Group and the Company</b>	
	<b>1994</b>	<b>1993</b>
	<b>£'000</b>	<b>£'000</b>
Within one year (see note 14)	9,106	10,061
Within two to five years	23,818	31,213
After five years	<u>3,096</u>	<u>4,712</u>
	<u>36,020</u>	<u>45,986</u>

**16. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Balance 1 January 1994 £'000</b>	<b>Charged to profit and loss account 1994 £'000</b>	<b>Applied £'000</b>	<b>Balance at 31 December 1994 £'000</b>
<b>The Group and the Company</b>				
Provision for abnormal warranty - service costs	<u>455</u>	<u>3,896</u>	<u>(57)</u>	<u>4,294</u>

**17. CAPITAL AND RESERVES**

	<b>1994 No</b>	<b>1993 No</b>	<b>1994 £'000</b>	<b>1993 £'000</b>
<b>Called up share capital</b>				
Authorised				
Ordinary shares of £1 each	<u>33,000,000</u>	<u>33,000,000</u>	<u>33,000</u>	<u>33,000</u>
Allotted, called up and fully paid				
"G" £1 ordinary shares	<u>19,800,000</u>	<u>19,800,000</u>	<u>19,800</u>	<u>19,800</u>
"I" £1 ordinary shares	<u>13,200,000</u>	<u>13,200,000</u>	<u>13,200</u>	<u>13,200</u>
	<u>33,000,000</u>	<u>33,000,000</u>	<u>33,000</u>	<u>33,000</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**17. 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
<b>Reserves</b>			
Balance at 1 January 1994	527	(7,258)	(7,083)
Capital reserve transfer	(112)	112	112
Profit for the financial year	-	18,762	18,975
	<u>415</u>	<u>11,616</u>	<u>12,004</u>
Balance at 31 December 1994	<u>415</u>	<u>11,616</u>	<u>12,004</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 profit for the financial year attributable to shareholders includes £18,975,000 (1993 - £12,953,000) which is dealt with in the financial statements of the parent company.

**18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1994 £'000	1993 £'000
Operating profit	21,060	15,998
Depreciation	19,372	17,322
Amortisation of intangible fixed assets	5,064	4,367
Loss on sale of tangible fixed assets	138	875
Decrease in debtors	5,952	164
Decrease/(increase) in stocks	1,129	(5,478)
Increase/(decrease) in provisions	3,839	(222)
Decrease in creditors	(17,329)	(12,082)
	<u>39,225</u>	<u>20,944</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**19. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR**

	1993 £'000
Balance at 1 January 1994	8,201
Net cash inflow	6,687
	<u>14,888</u>
Balance at 31 December 1994	<u>14,888</u>

**20. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET**

	1994 £'000	1993 £'000	Change in year £'000
Cash at bank and in hand	18,838	13,938	4,900
Bank loans and overdrafts	(3,950)	(5,737)	1,787
	<u>14,888</u>	<u>8,201</u>	<u>6,687</u>

**21. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR**

	Share capital 1994 £'000	Loans and finance lease obligations 1994 £'000	Share capital 1993 £'000	Loans and finance lease obligations 1993 £'000
Balance at 1 January 1994	33,000	45,986	33,000	56,085
Cash outflow from financing		(10,057)		(10,144)
Inception of new finance leases		91		45
	<u>33,000</u>	<u>36,020</u>	<u>33,000</u>	<u>45,986</u>
Balance at 31 December	<u>33,000</u>	<u>36,020</u>	<u>33,000</u>	<u>45,986</u>

**22. CONTINGENT LIABILITIES**

There are no material contingent liabilities.

**NOTES TO THE ACCOUNTS**

Year ended 31 December 1994

**23. COMMITMENTS**

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

	1994 £'000	1993 £'000
Committed	4,271	4,901
Authorised but not committed	6,478	17,136

**24. 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 1994, 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 1997, 7% thereafter
Pension increases	3% per annum

At the last actuarial valuation date, the market value of the assets of the scheme was £62.7 million and the actuarial value was sufficient to cover 95.0% 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.

**25. ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking 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 the General Motors Building, 3044 West Grand Boulevard, Detroit, Michigan 48202, USA.