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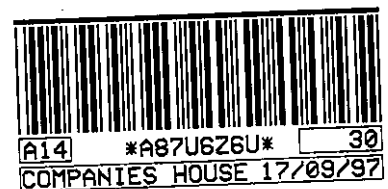
Company Registration No. 2091272

**IBC VEHICLES LIMITED**

**Report and Financial Statements**

**31 December 1996**

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



**REPORT AND FINANCIAL STATEMENTS 1996**

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**REPORT AND FINANCIAL STATEMENTS 1996****OFFICERS AND PROFESSIONAL ADVISERS****DIRECTORS**

K Murakami	(Resigned 19 September 1996)
M L Wolf	(Resigned 19 September 1996)
D E Clark	(Resigned 19 September 1996)
P F Murtaugh	(Resigned 22 January 1996)
S R Mackie	(Resigned 19 September 1996)
C M Trudell	(Appointed 1 March 1996)
S Oh'oka	(Appointed 19 September 1996)
J C Barber	(Appointed 19 September 1996)
D N Reilly	(Appointed 19 September 1996)
JW Henderson	(Appointed 19 September 1996)

**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  
36-44 Alma Street  
Luton LU1 2PL

**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 1996.

### **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, the Vauxhall Frontera Sport and the Vauxhall Midi. Products are sold mainly in various European countries, the Frontera being sold under the Opel badge. Midi production ceased in July 1996.

### **REVIEW OF DEVELOPMENTS**

Despite strongly increasing levels of competition, a slip in market share and a stronger pound, IBC realised sales of 33,233 units in 1996. Profit before tax of £10.2 million was aided by a revamped frontera interior and exchange rate movements.

### **DIVIDENDS AND TRANSFERS FROM RESERVES**

The directors do not propose the payment of a dividend. The profit for the year of £9,738,000 (1995 - loss of £28,222,000) has been transferred to/(from) reserves.

### **FUTURE PROSPECTS**

The directors are of the opinion that 1997 will be a very demanding year. In light of continued strong competition, a levelling off of the overall recreational vehicle market and the advanced stage of the current Frontera model cycle, unit sales are expected to fall from 1996 levels. Profitability will be further impacted by a continued strong pound.

Longer term, the development of future models, further expansion of the press facility and the planned production of a medium duty van commencing around the turn of the century should help to improve and stabilise IBC's profit outlook.

### **FIXED ASSETS**

During the course of the year £46.8 million (1995 - £16 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 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 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.

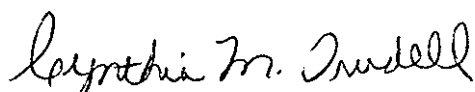
**CHARITABLE CONTRIBUTIONS**

The company has made donations of £4,800 during the year for charitable purposes. No political donations were made.

**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



C M Trudell

Director

12 May 1997

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 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

Deloitte & Touche  
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 22 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 1996 and of the profit 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 May 1997*



**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 1996**

	Note	1996 £'000	1995 £'000
<b>TURNOVER - Continuing operations</b>	2	404,384	415,720
Cost of sales		(385,366)	(430,966)
Gross profit/(loss)		<u>19,018</u>	<u>(15,246)</u>
Distribution costs		(2,490)	(2,053)
Administrative expenses		(6,940)	(7,947)
Other operating income		<u>1,841</u>	<u>4</u>
<b>OPERATING PROFIT/(LOSS) - Continuing operations</b>		11,429	(25,242)
Interest receivable and similar income	3	1,478	698
Interest payable and similar charges	4	<u>(2,703)</u>	<u>(3,678)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	10,204	(28,222)
Tax on profit on ordinary activities	6	<u>(466)</u>	<u>-</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	16	<u><u>9,738</u></u>	<u><u>(28,222)</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 1996**

	Note	1996	1995
		£'000	£'000
<b>FIXED ASSETS</b>			
Intangible assets	9	8,027	12,970
Tangible assets	10	102,127	66,775
		<u>110,154</u>	<u>79,745</u>
<b>CURRENT ASSETS</b>			
Stocks	12	39,197	56,117
Debtors	13	40,058	46,817
Cash at bank and in hand		49,493	28,810
		<u>128,748</u>	<u>131,744</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(141,454)</u>	<u>(149,389)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(12,706)</u>	<u>(17,645)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		97,448	62,100
<b>CREDITORS: amounts falling due after more than one year</b>	15	<u>(30,901)</u>	<u>(25,291)</u>
<b>TOTAL NET ASSETS</b>		<u>66,547</u>	<u>36,809</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	73,000	53,000
Other reserves	16	111	218
Profit and loss account	16	(6,564)	(16,409)
Equity shareholders' funds		<u>66,547</u>	<u>36,809</u>

These financial statements were approved by the Board of Directors on 22 May 1997 and signed on its behalf by:

*C M Trudell*

C M Trudell



**COMPANY BALANCE SHEET**  
**31 December 1996**

	Note	1996 £'000	1995 £'000
<b>FIXED ASSETS</b>			
Intangible assets	9	8,027	12,970
Tangible assets	10	102,127	66,775
Investments	11	100	100
		<u>110,254</u>	<u>79,845</u>
<b>CURRENT ASSETS</b>			
Stocks	12	37,530	51,645
Debtors	13	66,712	84,225
Cash at bank and in hand		45,486	18,915
		<u>149,728</u>	<u>154,785</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(162,461)</u>	<u>(172,365)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(12,733)</u>	<u>(17,580)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		97,521	62,265
<b>CREDITORS: amounts falling due after more than one year</b>	15	<u>(30,901)</u>	<u>(25,291)</u>
<b>TOTAL NET ASSETS</b>		<u>66,620</u>	<u>36,974</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	73,000	53,000
Other reserves	16	111	218
Profit and loss account	16	(6,491)	(16,244)
Equity shareholders' funds		<u>66,620</u>	<u>36,974</u>

These financial statements were approved by the Board of Directors on 21 May 1997, and signed on its behalf by:

*Cynthia M. Trudell*

C M Trudell



**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 1996**

	Note	1996	1995
		£'000	£'000
Net cash inflow from operating activities	17	30,004	6,551
<b>Returns on investments and servicing of finance</b>			
Interest received		1,295	1,108
Interest paid		(350)	(865)
Interest element of finance lease rental payments		(2,560)	(2,753)
<b>Net cash outflow from returns on investment and servicing of finance</b>		<b>(1,615)</b>	<b>(2,510)</b>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(28,378)	(5,008)
Purchase of intangible fixed assets		(430)	(1,491)
Disposal of tangible fixed assets		196	1,316
<b>Net cash outflow from investing activities</b>		<b>(28,612)</b>	<b>(5,183)</b>
<b>Net cash outflow before financing</b>		<b>(223)</b>	<b>(1,142)</b>
<b>Financing</b>			
Share issue		20,000	20,000
Capital element of finance lease rental payments		(11,131)	(11,038)
<b>Net cash inflow from financing</b>		<b>8,869</b>	<b>8,962</b>
<b>Increase in cash and cash equivalents</b>	19	<b>8,646</b>	<b>7,820</b>

**RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**  
**Year ended 31 December 1996**

	1996 £'000	1995 £'000
Profit/(loss) for the financial year	9,738	(28,222)
New share capital subscribed	20,000	20,000
Opening shareholders' funds	36,809	45,031
Closing shareholders' funds	<u>66,547</u>	<u>36,809</u>

**NOTES TO THE ACCOUNTS****Year ended 31 December 1996****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 1996.

**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 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 1996**

**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**

	1996 £'000	1995 £'000
United Kingdom	81,337	99,415
Other European countries	310,677	302,529
Outside Europe	12,370	13,776
	<u>404,384</u>	<u>415,720</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**

	1996 £'000	1995 £'000
Bank interest	1,412	698
Exchange gains	66	-
	<u>1,478</u>	<u>698</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	1996 £'000	1995 £'000
Bank loans, overdrafts and other loans repayable within five years	386	865
Finance leases	2,317	2,503
Exchange losses	-	310
	<u>2,703</u>	<u>3,678</u>

**5. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

	1996 £'000	1995 £'000
<b>Profit/(loss) on ordinary activities before taxation is after charging:</b>		
Depreciation and amortisation of tangible fixed assets:		
Owned assets	5,794	9,604
Assets held under finance leases	5,445	12,064
Amortisation of intangible fixed assets	5,373	9,826
Research and development	6,988	4,595
Auditors' remuneration:		
Audit services	51	51
Other services	-	20
Early retirements and redundancy costs	-	253
	<u>          </u>	<u>          </u>

**6. TAXATION**

	1996 £'000	1995 £'000
United Kingdom corporation tax at 33% (1995 - 33%)	466	-
	<u>          </u>	<u>          </u>

The tax charge is low due to the availability of brought forward trading losses.

There is no unprovided deferred tax liability at 31 December 1996 (£4,300,000 at 31 December 1995 is covered by equivalent deferred tax assets).



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**7. DIRECTORS' EMOLUMENTS**

	1996 £'000	1995 £'000
Directors' emoluments	58	20
Amounts paid to third parties for services of directors	347	193
	<u>405</u>	<u>213</u>

A significant portion of the incentive compensation of Directors is based on the annual as well as the longer term financial results of General Motors Europe and General Motors Corporation. Under the General Motors incentive compensation arrangements, executives receive the performance related proportion of their compensation in arrears; for example the amount of incentive compensation received by the Directors in 1996 and recorded above reflects the financial performance of the General Motors organisation over several years ending 31 December 1995. Over this period, the financial performance of General Motors Europe was especially strong and that of General Motors Corporation was recovering rapidly. In particular, the recovery in the financial results of General Motors Corporation led to significantly greater incentive compensation payments being made to Directors in 1996 in comparison with 1995.

	1996 £'000	1995 £'000
Emoluments, excluding pension contributions, were:		
Highest paid director	314	213
	<u>No.</u>	<u>No.</u>
<b>Scale of other directors' remuneration</b>		
£ 0 - £ 5,000	7	9
£ 10,001 - £ 15,000	1	-
£ 75,001 - £ 80,000	1	-
	<u>1</u>	<u>-</u>

**8. EMPLOYEES**

	1996 No.	1995 No.
<b>Average weekly number</b>		
Administration	193	187
Production	1,626	1,637
	<u>1,819</u>	<u>1,824</u>
	£'000	£'000
<b>Costs</b>		
Wages and salaries	38,435	36,158
Social security costs	3,080	2,923
Pension costs	2,511	2,358
	<u>44,026</u>	<u>41,439</u>





**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**9. INTANGIBLE FIXED ASSETS**

	<b>Development costs £'000</b>
<b>The Group and the Company</b>	
<b>Cost</b>	
At 1 January 1996	34,475
Expenditure during the year	430
At 31 December 1996	<u>34,905</u>
<b>Amortisation</b>	
At 1 January 1996	21,505
Amount charged in the year	5,373
At 31 December 1996	<u>26,878</u>
<b>Net book value</b>	
At 31 December 1996	<u>8,027</u>
At 31 December 1995	<u>12,970</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 1996**

**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 1996	16,910	50,695	73,576	141,181
Additions at cost	2,472	23,102	21,257	46,831
Disposals	(76)	(1,148)	(3,641)	(4,865)
At 31 December 1996	<u>19,306</u>	<u>72,649</u>	<u>91,192</u>	<u>183,147</u>
<b>Depreciation</b>				
At 1 January 1996	1,774	14,286	58,346	74,406
Charge for the year	496	4,166	6,577	11,239
Disposals	(34)	(950)	(3,641)	(4,625)
At 31 December 1996	<u>2,236</u>	<u>17,502</u>	<u>61,282</u>	<u>81,020</u>
<b>Net book value</b>				
At 31 December 1996	<u>17,070</u>	<u>55,147</u>	<u>29,910</u>	<u>102,127</u>
At 31 December 1995	<u>15,136</u>	<u>36,409</u>	<u>15,230</u>	<u>66,775</u>

The net book value of fixed assets includes £39,101,827 (1995 - £26,210,574) in respect of assets held under finance leases, of which £3,401,201 relates to special tools, jigs and dies and £35,700,626 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 1996 and at  
31 December 1996

100

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 1996**
**12. STOCKS**

	The Group		The Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Raw materials	20,896	32,374	20,896	32,469
Work in progress	1,238	1,603	1,238	1,603
Finished goods and goods for resale	1,667	4,567	-	-
Motor vehicles sold under sale and repurchase agreements	15,396	17,573	15,396	17,573
	<u>39,197</u>	<u>56,117</u>	<u>37,530</u>	<u>51,645</u>

**13. DEBTORS**

	The Group		The Company	
	1996 £'000	1996 £'000	1996 £'000	1995 £'000
Trade debtors	1,865	5,747	69	198
Amounts owed by group undertakings:				
Subsidiary	-	-	58,018	73,624
Fellow subsidiary undertakings	26,453	31,774	7,969	9,631
Other debtors	2,244	6,803	372	456
Prepayments and accrued income	9,496	2,493	284	316
	<u>40,058</u>	<u>46,817</u>	<u>66,712</u>	<u>84,225</u>

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

	The Group		The Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Bank loans and overdrafts	18,139	6,102	18,139	5,879
Trade creditors	45,547	37,728	45,349	36,809
Bills of exchange payable	6,886	20,557	6,886	20,557
Amounts owed to group undertakings:				
Subsidiary undertakings	-	-	25,486	30,314
Fellow subsidiary undertakings	13,240	21,954	12,040	18,928
Taxation and social security	12,264	7,202	11,580	6,377
Obligations under finance leases (see note 15)	12,363	10,651	12,363	10,651
Accruals	20,355	31,217	17,958	28,872
Liability for repurchase of specific vehicles sold under sale and repurchase agreements	12,660	13,978	12,660	13,978
	<u>141,454</u>	<u>149,389</u>	<u>162,461</u>	<u>172,365</u>



**NOTES TO THE ACCOUNTS**  
Year ended 31 December 1996

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

	The Group and the Company	
	1996	1995
	£'000	£'000
Obligations under finance leases	30,901	25,291
	<u>30,901</u>	<u>25,291</u>

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

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

	The Group and the Company	
	1996	1995
	£'000	£'000
Within one year (see note 14)	12,363	10,651
Within two to five years	19,482	25,291
After five years	11,419	-
	<u>43,264</u>	<u>35,942</u>

**16. CAPITAL AND RESERVES**

	1996	1995	1996	1995
	No	No	£'000	£'000
<b>Called up share capital</b>				
Authorised				
Ordinary shares of £1 each	80,000,000	80,000,000	80,000	80,000
	<u>80,000,000</u>	<u>80,000,000</u>	<u>80,000</u>	<u>80,000</u>
Allotted, called up and fully paid				
"G" £1 ordinary shares	59,800,000	39,800,000	59,800	39,800
"I" £1 ordinary shares	13,200,000	13,200,000	13,200	13,200
	<u>73,000,000</u>	<u>53,000,000</u>	<u>73,000</u>	<u>53,000</u>

20 million "G" £1 ordinary shares were issued at par during the year.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**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
<b>Reserves</b>			
Balance at 1 January 1996	218	(16,409)	(16,244)
Capital reserve transfer	(107)	107	107
Profit for the financial year	-	9,738	9,646
	<u>111</u>	<u>(6,564)</u>	<u>(6,491)</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 £9,646,000 (1995 loss of £28,445,000) which is dealt with in the financial statements of the parent company.

**17. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1996 £'000	1995 £'000
Operating profit/(loss)	11,429	(25,242)
Depreciation	11,239	21,668
Amortisation of intangible fixed assets	5,373	9,826
Loss/(profit) on sale of tangible fixed assets	43	(498)
Decrease/(increase) in debtors	6,756	(30,310)
Decrease/(increase) in stocks	16,920	(10,200)
(Decrease)/increase in creditors	(21,756)	41,307
	<u>30,004</u>	<u>6,551</u>



**NOTES TO THE ACCOUNTS**

**Year ended 31 December 1996**

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

	1996 £'000
Balance at 1 January 1996	22,708
Net cash inflow	8,646
	<hr/>
Balance at 31 December 1996	31,354
	<hr/> <hr/>

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

	1996 £'000	1995 £'000	Change in year £'000
Cash at bank and in hand	49,493	28,810	20,683
Bank loans and overdrafts	(18,139)	(6,102)	(12,037)
	<hr/>	<hr/>	<hr/>
	31,354	22,708	8,646
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	<b>Share capital 1996 £'000</b>	<b>Loans and finance lease obligations 1996 £'000</b>	<b>Share capital 1995 £'000</b>	<b>Loans and finance lease obligations 1995 £'000</b>
Balance at 1 January 1996	53,000	35,942	33,000	36,020
Cash outflow from financing	-	(11,131)	-	(11,038)
Shares issued during the year	20,000	-	20,000	-
Inception of new finance leases	-	18,453	-	10,960
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 1996	73,000	43,264	53,000	35,942
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**21. CONTINGENT LIABILITIES**

There are no material contingent liabilities.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**22. COMMITMENTS**

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

	1996 £'000	1995 £'000
Committed	24,115	16,136
Authorised but not committed	32,286	68,955
	<u>          </u>	<u>          </u>

**23. 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.

**24. RELATED PARTY TRANSACTIONS**

IBC Vehicles Limited was 81.9% owned by GM Holdings UK and 18.1 % owned by Isuzu at 31 December 1996. 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 note 25).

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 1996. The related party transactions included in the consolidated accounts are:

	Note	1996 £'000
Sales of goods to group undertakings		
Purchases of goods from group undertakings	2	382,415
Purchases of fixed assets from group undertakings		27,232
Research and development costs incurred by group undertakings and transferred to IBC Vehicles Limited	10	50
Provision of equity finance by GM Holdings UK, an intermediate parent undertaking	5	2,700
		<u>20,000</u>

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