

Company Registration No. 2091272

IBC VEHICLES LIMITED

Report and Financial Statements

31 December 2003



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IBC VEHICLES LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

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IBC VEHICLES LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M James
P Thom
K Wale

SECRETARY

KJ Benjamin

REGISTERED OFFICE

P O Box 163
Kimpton Road
Luton
LU2 0TY

BANKERS

HSBC Bank plc
Barclays Bank PLC

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
London

IBC VEHICLES LIMITED

DIRECTORS' REPORT

The Directors of IBC Vehicles Limited ("the Company") submit their annual report and audited financial statements for the year ended 31 December 2003.

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 Vivaro, Renault Trafic and Nissan Primastar vans. In all other European countries, the Vivaro product is sold under the Opel badge; Renault and Nissan market their product as Trafic and Primastar respectively.

OPERATING AND FINANCIAL REVIEW

The Company produced 84,000 vehicles during 2003 operating a three shift production process. 10,000 Fronteras were built in its last year of production together with 74,000 vans. The vans are sold under 4 different badges: Vauxhall, Opel, Renault and Nissan and sold across all of Europe.

Production of Frontera ended in December 2003.

The Group made a profit after tax in 2003 of £20.0 million (2002 - loss of £7.1 million).

FUTURE DEVELOPMENTS

Demand for the vans across the whole of Europe is currently extremely positive and the factory expects to be able to deliver the increased market demand through continuous improvements in productivity.

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 Joint Leadership Committee. Additionally, all employees are briefed throughout the year on the current business status and the immediate outlook through a range of communication forums.

EMPLOYMENT OF DISABLED PERSONS

The Company gives full consideration to the possibility of employing disabled persons wherever suitable possibilities exist. Employees who become disabled are given every opportunity and assistance to continue in their employment or to be trained for other suitable positions.

POST BALANCE SHEET EVENT

Details of the post balance event are disclosed in note 22.

IBC VEHICLES LIMITED

DIRECTORS' REPORT (continued)

DIVIDENDS

The Directors do not propose the payment of a dividend (2002 – £nil).

DONATIONS

No donations for political purposes were made during the year (2002 – £nil). The Company has made donations of £4,313 during the year for charitable purposes (2002 - £4,800).

DIRECTORS AND THEIR INTERESTS

The present members of the Board of Directors are shown on Page 1. There were the following changes in Directors during the year and since the year end:

J A Jonsson (resigned 22 April 2003)

At the end of the year there existed an arrangement between companies in the United Kingdom Group and General Motors Corporation under which certain group companies met the cost of awards made by the General Motors Stock Incentive Plan to eligible employees, who qualify by virtue of their employment. Such awards might include awards of Common Stock or options for Common Stock of General Motors Corporation and the eligible employees to whom such awards might be made include Directors of the Company who are also employees or Directors of other United Kingdom group companies. During the year all Directors held shares or options acquired under the arrangement.

The Directors had no interests at any time during the year in the shares of IBC Vehicles Limited, nor any other company within the United Kingdom group.

AUDITORS

A resolution proposing the reappointment of Deloitte & Touche LLP as Auditors of the Company will be put to the Annual General Meeting. In addition, a further resolution will be put to the Meeting authorising the Directors to determine the Auditors' remuneration.

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



K Wale
Director

24 November 2004

IBC VEHICLES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as 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; and
- prepare the financial statements on the 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 Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IBC VEHICLES LIMITED

We have audited the financial statements of IBC Vehicles Limited for the year ended 31 December 2003 which comprise the consolidated profit and loss account, the balance sheets, the reconciliation of movement in consolidated shareholders' deficit and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and 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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 transactions with the Company and other members of the Group is not disclosed.

We read the Directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 2003 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 LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

~~24 November 2004~~

3 December 2004

IBC VEHICLES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT **Year ended 31 December 2003**

	Note	2003 £'000	2002 £'000
TURNOVER	2	709,975	746,577
Cost of sales			
Exceptional costs of sales	3	(6,888)	-
Other cost of sales		<u>(677,069)</u>	<u>(740,020)</u>
Total cost of sales		<u>(683,957)</u>	<u>(740,020)</u>
Gross profit		26,018	6,557
Distribution costs		(184)	(355)
Administrative expenses			
Exceptional administrative costs	3	(1,456)	-
Other administrative income/(expenses)		<u>4,439</u>	<u>(5,904)</u>
Total administrative income/(expenses)		<u>2,983</u>	<u>(5,904)</u>
OPERATING PROFIT	3	28,817	298
Interest receivable and similar income	4	383	105
Interest payable and similar charges	5	<u>(9,201)</u>	<u>(11,946)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		19,999	(11,543)
Tax credit on profit/(loss) on ordinary activities	6	<u>-</u>	<u>4,421</u>
RETAINED PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	17	<u>19,999</u>	<u>(7,122)</u>

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

During the current and preceding financial years there were no gains or losses other than those recognised in the profit and loss account and consequently no statement of total recognised gains and losses has been prepared.

IBC VEHICLES LIMITED

CONSOLIDATED BALANCE SHEET 31 December 2003

	Note	2003 £'000	2002 £'000
FIXED ASSETS			
Tangible assets	9	<u>110,160</u>	<u>120,315</u>
CURRENT ASSETS			
Stocks	11	16,441	25,849
Debtors	12	200,446	238,819
Cash at bank and in hand		<u>78</u>	<u>864</u>
		216,965	265,532
CREDITORS:			
Amounts falling due within one year	13	<u>(374,054)</u>	<u>(447,576)</u>
NET CURRENT LIABILITIES		<u>(157,089)</u>	<u>(182,044)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(46,929)	(61,729)
CREDITORS:			
Amounts falling due after more than one year	14	(10,380)	(13,265)
PROVISIONS FOR LIABILITIES AND CHARGES	15	<u>(696)</u>	<u>(3,010)</u>
NET LIABILITIES		<u>(58,005)</u>	<u>(78,004)</u>
CAPITAL AND RESERVES			
Called up share capital	16	239,000	239,000
Profit and loss account	17	<u>(297,005)</u>	<u>(317,004)</u>
EQUITY SHAREHOLDERS' DEFICIT		<u>(58,005)</u>	<u>(78,004)</u>

These financial statements were approved by the Board of Directors on 24 November 2004 and are signed on its behalf by:



K Wale
Director

24 November 2004

IBC VEHICLES LIMITED

**COMPANY BALANCE SHEET
31 December 2003**

	Note	2003 £'000	2002 £'000
FIXED ASSETS			
Tangible assets	9	110,160	120,315
Investments	10	100	100
		<u>110,260</u>	<u>120,415</u>
CURRENT ASSETS			
Stocks	11	16,441	25,849
Debtors	12	198,773	220,148
Cash at bank and in hand		78	864
		<u>215,292</u>	<u>246,861</u>
CREDITORS:			
Amounts falling due within one year	13	<u>(372,409)</u>	<u>(428,933)</u>
NET CURRENT LIABILITIES			
		<u>(157,117)</u>	<u>(182,072)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		(46,857)	(61,657)
CREDITORS:			
Amounts falling due after more than one year	14	(10,380)	(13,265)
PROVISIONS FOR LIABILITIES AND CHARGES			
	15	<u>(696)</u>	<u>(3,010)</u>
NET LIABILITIES			
		<u>(57,933)</u>	<u>(77,932)</u>
CAPITAL AND RESERVES			
Called up share capital	16	239,000	239,000
Profit and loss account	17	<u>(296,933)</u>	<u>(316,932)</u>
EQUITY SHAREHOLDERS' DEFICIT			
		<u>(57,933)</u>	<u>(77,932)</u>

These financial statements were approved by the Board of Directors on 24 November 2004 and are signed on its behalf by:

K Wale

K Wale
Director

24 November 2004

IBC VEHICLES LIMITED

**RECONCILIATION OF MOVEMENT IN
CONSOLIDATED SHAREHOLDERS' DEFICIT
Year ended 31 December 2003**

	2003	2002
	£'000	£'000
Profit/(loss) for the financial year	19,999	(7,122)
Opening shareholders' deficit	<u>(78,004)</u>	<u>(70,882)</u>
Closing shareholders' deficit	<u><u>(58,005)</u></u>	<u><u>(78,004)</u></u>

IBC VEHICLES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

1. ACCOUNTING POLICIES

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

Accounting basis

The financial statements are prepared on the historical cost basis in conformity with United Kingdom applicable accounting standards.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking up to 31 December 2003, using the acquisition method.

Cash flow statement

The group has taken advantage of the exemption in Financial Reporting Standard 1 "Cash Flow Statements" from the requirement to produce a cash flow statement because IBC Vehicles Limited is a wholly owned subsidiary of GM Automotive UK, a company incorporated in England and Wales. The results of IBC Vehicles Limited are consolidated in the accounts of GM Automotive UK. See note 20 below.

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	3 to 25 years
Special tools, jigs and dies	The costs of special tools, jigs and dies are written off over the estimated production run of the models to which they relate.

Assets in the course of construction are not depreciated. 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.

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 in equal annual instalments over the lease term.

Deferred taxation

Deferred taxation is provided in full using the liability method for all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. 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.

IBC VEHICLES LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2003**

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 include material, labour and appropriate overheads.

Provision is made for any anticipated obsolescence of stocks.

Foreign currencies

Foreign currency monetary assets and liabilities at the balance sheet date are translated into sterling at rates prevailing at the balance sheet date or at forward cover rates, if applicable. Foreign currency transactions during the year are translated at the rate of exchange ruling at the time. The exchange gains and losses are dealt with through the profit and loss account for the year.

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.

Pension costs

Contributions to the Company's pension fund are charged to the profit and loss account on a systematic basis over the expected average remaining service lives of current employees, adjusted for interest on the discounted cumulative adjustment.

Turnover

Turnover represents the sales of motor vehicles, components, parts and accessories net of trade discounts, VAT and other sales related taxes.

2. TURNOVER - GEOGRAPHICAL ANALYSIS BY DESTINATION

	2003	2002
	£'000	£'000
United Kingdom	48,794	40,610
Other European countries	661,181	705,967
	<u>709,975</u>	<u>746,577</u>

The Group is engaged in one principal activity, the manufacture and distribution of motor vehicles and related spare parts and components.

A geographical analysis of the profit/(loss) before tax has not been given, as in the opinion of the Directors, this would be prejudicial to the interests of the Company.

IBC VEHICLES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

3. OPERATING PROFIT

	2003 £'000	2002 £'000
Operating profit on ordinary activities before taxation is after charging:		
Exceptional cost of sales	6,888	-
Exceptional administrative expenses	1,456	-
Depreciation and amortisation of tangible fixed assets (excluding £1,578,000 (2002: £nil) classed as exceptional):		
Owned assets	8,543	12,457
Assets held under finance leases	2,791	2,839
Rentals under operating leases:		
Hire of plant and machinery	144	70
Auditors' remuneration:		
Audit fees	82	64
	<u> </u>	<u> </u>

Exceptional costs in 2003 which relate to the cessation of the Frontera production include charges for separations, stock write downs and depreciation on assets.

Non-exceptional administrative income includes release of a £4.4 million non-trading related accrual and £1.7 million contract cancellation provision which are no longer required.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2003 £'000	2002 £'000
Bank interest	<u>383</u>	<u>105</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £'000	2002 £'000
Loans from group undertakings	(8,579)	(11,343)
Finance leases	(622)	(603)
	<u>(9,201)</u>	<u>(11,946)</u>

IBC VEHICLES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

6. TAX CREDIT ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

Group	2003 £'000	2002 £'000
Current tax:		
Group relief	-	4,421

The tax assessed for the period differs to that resulting from applying the standard rate of corporation tax in the UK of 30% (2002 – 30%). The differences are explained below:

Group	2003 £'000	2002 £'000
Profit/(loss) on ordinary activities before tax	19,999	(11,543)
Tax at UK rate of 30% (2002 – 30%) thereon	6,000	(3,463)
Effects of:		
Expenses not deductible for tax purposes	(51)	151
Capital allowances in excess of depreciation	(1,117)	(1,663)
Short term timing differences	(63)	63
Group relief not paid for	(115)	491
Utilization of losses brought forward	(4,654)	-
Current tax charge/(credit) for the year	-	(4,421)

IBC VEHICLES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

7. DIRECTORS' EMOLUMENTS

	2003 £'000	2002 £'000
Emoluments (excluding pension contributions and awards under share option schemes and other long-term incentive schemes)	257	206
Contributions paid to a money purchase pension scheme	6	6
	<u>No.</u>	<u>No.</u>
Number of Directors who received, or became eligible to receive, shares during the year	3	-
	<u>No.</u>	<u>No.</u>
Number of directors (* - includes the highest paid director) who:		
are members of a defined benefit pension scheme	4*	4*
exercised share options	-	1
have received awards during the year in the form of shares under long-term incentive schemes	-	1
	<u>£'000</u>	<u>£'000</u>
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)	193	151

The amount of the accrued pension of the highest-paid director at 31 December 2003 is £23,108 p.a. (2002 - £17,284 p.a.)

8. EMPLOYEES

	2003 No.	2002 No.
Average weekly number		
Administration	176	200
Production	2,065	2,332
	<u>2,241</u>	<u>2,532</u>
	<u>£'000</u>	<u>£'000</u>
Costs		
Wages and salaries	61,042	72,910
Social security costs	4,661	5,451
Pension costs	8,071	5,427
	<u>73,774</u>	<u>83,788</u>

IBC VEHICLES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

9. TANGIBLE FIXED ASSETS

The Group and the Company	Freehold land and buildings £'000	Plant, machinery and equipment £'000	Special tools, jigs and dies £'000	Total £'000
Cost				
At 1 January 2003	33,032	156,697	66,690	256,419
Additions at cost	2,328	1,732	1,790	5,850
Transfers	336	(336)	-	-
Disposals	(1,855)	(1,541)	(958)	(4,354)
At 31 December 2003	<u>33,841</u>	<u>156,552</u>	<u>67,522</u>	<u>257,915</u>
Depreciation				
At 1 January 2003	6,980	72,335	56,789	136,104
Charge for the year	1,297	10,498	1,117	12,912
Disposals	(141)	(1,120)	-	(1,261)
At 31 December 2003	<u>8,136</u>	<u>81,713</u>	<u>57,906</u>	<u>147,755</u>
Net book value				
At 31 December 2003	<u>25,705</u>	<u>74,839</u>	<u>9,616</u>	<u>110,160</u>
At 31 December 2002	<u>26,052</u>	<u>84,362</u>	<u>9,901</u>	<u>120,315</u>

The net book value of fixed assets includes £18,373,168 (2002 – £21,214,658) in respect of assets held under finance leases all in respect of plant, machinery and equipment.

10. INVESTMENTS

The Company	£'000
Shares in subsidiary at cost: At 1 January 2003 and at 31 December 2003	<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.

IBC VEHICLES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

11. STOCKS

	The Group		The Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Raw materials	15,966	25,172	15,966	25,172
Work in progress	475	606	475	606
Finished goods and goods for resale	-	71	-	71
	<u>16,441</u>	<u>25,849</u>	<u>16,441</u>	<u>25,849</u>

12. DEBTORS

	The Group		The Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Trade debtors	70,096	85,066	7,381	15,779
Amounts owed by group undertakings:				
Fellow subsidiary undertakings	99,089	135,460	176,602	199,790
Other debtors	31,243	18,095	14,772	4,381
Prepayments	18	198	18	198
	<u>200,446</u>	<u>238,819</u>	<u>198,773</u>	<u>220,148</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Bank loans and overdrafts	1,328	-	1,328	-
Obligations under finance leases (see note 14)	2,885	2,907	2,885	2,907
Trade creditors	97,885	115,865	97,885	115,865
Amounts owed to group undertakings:				
Fellow subsidiary undertakings	236,118	271,656	234,473	253,013
Taxation and social security	24,901	15,851	24,901	15,851
Other creditors	5,441	8,646	5,441	8,646
Accruals	5,496	32,651	5,496	32,651
	<u>374,054</u>	<u>447,576</u>	<u>372,409</u>	<u>428,933</u>

IBC VEHICLES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

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

	The Group and the Company	
	2003	2002
	£'000	£'000
Obligations under secured finance leases	10,380	13,265

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 13)	2,885	2,907
Between one and two years	2,169	2,885
Between two and five years	4,369	4,911
After five years	3,842	5,469
	<u>13,265</u>	<u>16,172</u>

15. PROVISIONS FOR LIABILITIES AND CHARGES

The Group and the Company	Pension provision £'000	Contract cancellation costs £'000	Total £'000
At 1 January 2003	210	2,800	3,010
Utilised in the year	-	(404)	(404)
Transferred to pension prepayment	(210)	-	(210)
Released to the profit and loss account	-	(1,700)	(1,700)
	<u>-</u>	<u>(1,700)</u>	<u>(1,700)</u>
At 31 December 2003	-	696	696

Pension provision

This represents the difference between the charge to the profit and loss account in respect of pension costs, and the contributions to the pension schemes (see notes 1 and 19).

Contract cancellation costs

The provision relates to the cost of cancelling contracts for expenditure expected to be incurred in relation to the cessation of Frontera production.

IBC VEHICLES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

15 PROVISIONS FOR LIABILITIES AND CHARGES (continued)

Deferred taxation

Deferred taxation is analysed over the following timing differences:

	2003 £'000	2002 £'000
The Group and the Company		
Accelerated capital allowances	-	837
Short term timing differences	-	(63)
Tax losses	-	(774)
	<u>-</u>	<u>-</u>
Total provision	<u>-</u>	<u>-</u>

The amounts of unprovided deferred taxation are as follows:

	2003 £'000	2002 £'000
Accelerated capital allowances	1,562	-
Tax losses	(83,314)	(87,193)
	<u>(81,752)</u>	<u>(87,193)</u>
Total unprovided deferred tax balance	<u>(81,752)</u>	<u>(87,193)</u>

16. CALLED UP SHARE CAPITAL

	2003 No.	2003 £'000	2002 No.	2002 £'000
Called up share capital				
Authorised				
Ordinary shares of £1 each	239,000,000	239,000	239,000,000	239,000
	<u>239,000,000</u>	<u>239,000</u>	<u>239,000,000</u>	<u>239,000</u>
Allotted, called up and fully paid				
Ordinary shares of £1 each	239,000,000	239,000	239,000,000	239,000
	<u>239,000,000</u>	<u>239,000</u>	<u>239,000,000</u>	<u>239,000</u>

17. RESERVES

	The Group £'000	The Company £'000
Profit and loss account		
At 1 January 2003	(317,004)	(316,932)
Profit for the financial year	19,999	19,999
	<u>(297,005)</u>	<u>(296,933)</u>
At 31 December 2003	<u>(297,005)</u>	<u>(296,933)</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 parent company's profit for the financial year is £19,999,000 (2002 loss – £7,122,000).

IBC VEHICLES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

18. COMMITMENTS

At 31 December 2003 there are no capital expenditure commitments which are not provided for in these financial statements (2002 – £nil).

At 31 December 2003 the Group was committed to making the following payments during the next year in respect of operating leases:

	Plant and machinery	
	2003 £'000	2002 £'000
Leases which expire:		
Within one year	48	60
Within two to five years	18	-
	<u>66</u>	<u>60</u>

19. PENSIONS

The Company makes contributions to two pension plans, each of which is of the “defined benefit” type where pensions are determined by an employee’s earnings level and length of service.

The two plans are the Vauxhall Motors Limited Pension Plan (“VMLPP”) and the IBC Vehicles Pension Plan (“IBCVPP”).

The assets of the plans are held in trustee-administered funds, and are completely separate from the assets of the Company.

Funding

Funding is provided at a level determined after taking independent professional actuarial advice, with the Company meeting the balance of the cost not covered by members' contributions. The Company is also committed to make good any shortfall in the plans, other than that due to benefit improvements as a result of legislative changes since the plans were set up, on winding up.

Pension cost

The Company pension cost for 2003 was £8.1 million (2002 - £5.4 million) calculated in accordance with the provisions of Statement of Standard Accounting Practice 24 “Accounting for Pension Costs”, consistently applied. The latest actuarial valuation of the VMLPP and IBCVPP plans were performed at 1 January 2002. The actuarial valuations were performed using a market-led approach in which the assets are valued at their market value at the date of the valuation, and liabilities are valued using financial assumptions derived from market yields on Fixed Interest and Index-linked Government stock at the valuation date.

Assumptions

The principal assumptions underlying the valuation were: the discount rate, which took into account the ability to actually achieve a higher return than gilts, was set at 6.2%, the investment return at 7.9%, pay increases at 3.5% per annum, price inflation of 2.5% per annum and increases to pensions in payment (in excess of the guaranteed minimum pension in payment) for pre and post-January 1992 service of 1.3% and 2.5% respectively. The valuation also includes allowance for improved life expectancy, based on recent experience. The above method and assumptions have also been used to calculate the pension cost. The valuation also took into account the closure of Vauxhall Motors Limited’s Luton plant at the end of March 2002. Approximately 1,000 members transferred to IBC Vehicles Limited but remained members of the pensions plan and a further 1,800 employees received immediate or deferred pensions.

IBC VEHICLES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

19. PENSIONS (continued)

Funding level

At 1 January 2002, the market value of the assets of the VMLPP were £859 million and the market value of the assets of the IBCVPP were £102 million. The actuarial value of the assets was sufficient to cover 93% and 89% respectively of the benefits that had accrued to members. This was after the actuary had applied a smoothing adjustment of approximately 7% to reflect the volatility between the actual assets in which the plans are invested and the combination of UK Gilts and Index-linked which most closely match the plans' liabilities, and specifically the under or over performance of the plans' actual investments relative to the matched portfolio over the past three year period. At the same date the plans were 111% and 94% respectively funded on a Minimum Funding Requirement basis.

Contributions to the Pension Plans

During 2003 the Company made contributions to the plans of £10.5 million (2002 - £5.3 million). The Company contributions to the VMLPP increased to 10% of pensionable pay from 1 January 2002 and contributions to the IBCVPP increased to 16% of pensionable pay from 25 July 2002. During the year ended 31 December 2003 Vauxhall Motors Limited made a special cash contribution to the IBCVPP of £1.0 million to reimburse the cost of early retirements that were filled by transfers from Vauxhall Motors Limited's Luton plant.

Financial Reporting Standard 17 "Retirement Benefits"

The valuations have been updated to 31 December 2003 in accordance with Financial Reporting Standard 17 "Retirement Benefits" by independent, qualified actuaries. The principal assumptions used by the actuaries were:

	31 December 2003 % pa	31 December 2002 % pa	31 December 2001 % pa
Price inflation	2.8	2.3	2.5
Rate of general long-term increase in salaries	3.3	3.3	3.5
Rates of increase to pensions in payment			
- Guaranteed LPI (RPI to maximum of 5%)	2.7	2.3	2.5
- ½ RPI to maximum of 3%	1.4	1.2	1.3
Discount rate for scheme liabilities	5.5	5.7	5.9
Long-term rate of return on assets			
- Equities	8.5	8.5	8.9
- Property	7.5	8.0	8.8
- Government bonds	4.8	4.5	4.9
- Corporate bonds	5.5	5.5	5.9
- Other	4.0	3.4	3.4

The VMLPP into which the Company contributes is a multi-employer scheme. In the opinion of the Directors, it is not possible to separate out on a reasonable and consistent basis the assets and liabilities of the scheme between the different group companies which contribute to it. Accordingly, on adoption of Financial Reporting Standard 17 in full it will be accounted for on a defined contribution basis within IBC Vehicles Limited and on a defined benefit basis in the consolidated accounts of GM Automotive UK.

The IBCVPP into which the Company contributes is a single-employer scheme. The Directors believe that it would be correct to account for the whole of this scheme on a defined benefit basis in IBC Vehicles Limited on the adoption of Financial Reporting Standard 17 in full.

IBC VEHICLES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

19. PENSIONS (continued)

Financial Reporting Standard 17 "Retirement Benefits" (continued)

The values of assets and liabilities below are the result of an update exercise performed by qualified actuaries as at 31 December 2003, rather than a full actuarial valuation at the balance sheet date. The update exercise is based on the last full valuations that were carried out at 1 January 2002 for both the VMLPP and IBCVPP. The update exercise did not involve the same level of detail as a full actuarial valuation, and there may be differences between the results of the update and those of a full valuation. The figures below are based on what are, in the Directors' opinion reasonable assumptions, and reflect their best estimate of the current position.

The assets and liabilities of the IBCVPP scheme, which will be accounted for on a defined benefit basis on the full adoption of Financial Reporting Standard 17, at 31 December 2003 were:

	Value at 31 December 2003 £m	IBCVPP Value at 31 December 2002 £m	Value at 31 December 2001 £m
Equities	71.5	61.3	65.4
Government bonds	22.0	24.3	33.4
Corporate bonds	15.7	8.3	2.0
Other	0.6	0.9	0.8
Total market value of assets	109.8	94.8	101.6
Present value of scheme liabilities	(158.5)	(143.1)	(145.0)
Deficit in scheme	(48.7)	(48.3)	(43.4)

Had the Group adopted Financial Reporting Standard 17 early, the profit and loss reserves at 31 December 2001, 2002 and 2003 would have been stated as follows:

	2003 £m	2002 £m	2001 £m
Profit and loss reserve	(297.0)	(317.0)	(309.9)
SSAP 24 pension liability	-	0.2	-
Profit and loss reserve excluding pension liability	(297.0)	(316.8)	(309.9)
Pension reserve	(48.7)	(48.3)	(43.4)
Profit and loss reserve	(345.7)	(365.1)	(353.3)

IBC VEHICLES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

19. PENSIONS (continued)

Financial Reporting Standard 17 "Retirement Benefits" (continued)

Further information regarding the IBCVPP scheme is shown below.

The analysis of the amount charged to operating profit would have been as follows:

	IBCVPP	
	2003	2002
	£m	£m
Current service cost	4.2	4.4
Total operating charge	4.2	4.4

The analysis of the amount charged to other finance income would have been as follows:

	IBCVPP	
	2003	2002
	£m	£m
Expected return on pension scheme assets	6.9	7.9
Interest on pension scheme liabilities	(8.2)	(8.8)
Net finance cost	(1.3)	(0.9)

The amount recognised in the Statement of Total Recognised Gains and Losses would have been as follows:

	IBCVPP	
	2003	2002
	£m	£m
Actual return less expected return on pension scheme assets	7.8	(20.2)
Experience (losses)/gains arising on the scheme liabilities	(0.1)	18.6
Changes in assumptions underlying the present value of the scheme liabilities	(8.7)	(1.5)
Actuarial loss that would have been recognised in the Statement of Total Recognised Gains and Losses	(1.0)	(3.1)

IBC VEHICLES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2003

19. PENSIONS (continued)

Financial Reporting Standard 17 "Retirement Benefits" (continued)

The analysis of movement in deficit during the year would have been as follows:

	IBCVPP	
	2003 £m	2002 £m
Deficit in scheme at beginning of the year	(48.3)	(43.4)
Current service cost	(4.2)	(4.4)
Contributions	10.4	9.0
Past service costs	-	-
Separation programme costs	(4.3)	(5.5)
Other finance income	(1.3)	(0.9)
Actuarial loss	(1.0)	(3.1)
	<hr/>	<hr/>
Deficit in scheme at the end of the year	(48.7)	(48.3)
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History of experience gains and losses:

	IBCVPP	
	2003	2002
Difference between expected and actual return on scheme assets:		
Amount (£m)	7.8	(20.2)
Percentage of scheme assets	7.1%	(21.3%)
Experience (losses)/gains on scheme liabilities:		
Amount (£m)	(0.1)	18.6
Percentage of the present value of the scheme liabilities	(0.1%)	13.0%
Total amount recognised in Statement of Total Recognised Gains and Losses:		
Amount (£m)	(1.0)	(3.1)
Percentage of the present value of the scheme liabilities	(0.6%)	(2.2%)

For the VMLPP, the whole assets and liabilities (not just those relating to IBC Vehicles Limited) updated to 31 December 2002 on the assumptions above were as follows:

	VMLPP	
	2003 £m	2002 £m
Assets	842.0	750.0
Liabilities	(1,223.1)	(1,099.0)
	<hr/>	<hr/>
Deficit in scheme	(381.1)	(349.0)
	<hr/>	<hr/>

IBC VEHICLES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2003

20. ULTIMATE PARENT UNDERTAKING

The ultimate parent company and controlling entity of the Company, and parent of the largest group for which consolidated accounts are prepared of which this Company is a part, is General Motors Corporation, a company registered in the State of Delaware USA. The financial statements of General Motors Corporation are available from Global Headquarters, 300 Renaissance Centre, PO Box 300, Detroit, Michigan, 48265 - 3000 USA.

The immediate parent company and controlling entity of the Company is GM Automotive UK, a company incorporated in England and Wales. The parent of the smallest group for which consolidated accounts are prepared of which this company is a part is GM Automotive UK. The consolidated accounts of GM Automotive UK will be filed with the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

21. RELATED PARTY TRANSACTIONS

The Company is taking advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 "Related Party Transactions" not to disclose transactions with General Motors Corporation group companies or interests of the General Motors Corporation group who are related parties.

22. POST BALANCE SHEET EVENT

On 23 June 2004, GM Automotive UK acquired the whole of the issued share capital of the company from General Motors Holdings (UK). Both companies are wholly owned subsidiaries of General Motors Corporation.