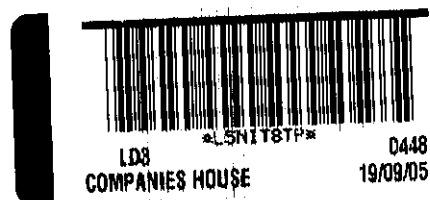


Company Registration No. 135767

**VAUXHALL MOTORS LIMITED**

**Report and Financial Statements**

**31 December 2004**



# **VAUXHALL MOTORS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2004**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>3</b>
<b>Statement of directors' responsibilities</b>	<b>6</b>
<b>Independent auditors' report</b>	<b>7</b>
<b>Consolidated profit and loss account</b>	<b>8</b>
<b>Statement of total recognised gains and losses</b>	<b>9</b>
<b>Reconciliation of movement in consolidated shareholders' funds</b>	<b>9</b>
<b>Consolidated balance sheet</b>	<b>10</b>
<b>Company balance sheet</b>	<b>11</b>
<b>Consolidated statement of cash flow</b>	<b>12</b>
<b>Notes to the accounts</b>	<b>13</b>

# **VAUXHALL MOTORS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2004**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

K J Benjamin  
J Browning  
M James  
C W Parfitt

#### **SECRETARY**

K J Benjamin

#### **REGISTERED OFFICE**

Griffin House  
Osborne Road  
Luton  
Bedfordshire LU1 3YT

#### **BANKERS**

Barclays Bank PLC  
Lloyds TSB Bank PLC  
Northern Bank PLC

#### **ACTUARIES**

Hewitt Bacon & Woodrow Limited  
Epsom, Surrey

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
London

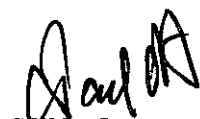
## **VAUXHALL MOTORS LIMITED**

### **NOTICE OF MEETING**

Notice is hereby given that the Ninety First Annual General Meeting of the Company will be held at the Registered Office, Griffin House, Osborne Road, Luton on 20 July 2005 for the purpose of transacting the following business:

1. To receive and consider the Financial Statements for the year ended 31 December 2004, together with the reports of the Directors and Auditors thereon.
2. To re-elect Directors.
3. To reappoint Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to determine their remuneration.
4. To transact any other ordinary business.

By order of the Board



C W Parfitt  
Director

20 July 2005

## **VAUXHALL MOTORS LIMITED**

### **DIRECTORS' REPORT**

The Directors of Vauxhall Motors Limited ("the Company") and its subsidiary undertakings submit their annual report and audited financial statements for the year ended 31 December 2004.

### **ACTIVITIES**

The Company manufactures, markets and services passenger cars and light vans.

Vauxhall's vehicle and component manufacturing activities are located at Ellesmere Port, Cheshire which produces the Astra. The production of the Vectra ceased in July 2004 and its production was transferred to Adam Opel AG, a fellow group undertaking. In 2004 Vauxhall produced 147,918 vehicles and over 3.5 million press stampings.

The Company's sales and marketing activities, as well as corporate headquarters' functions, are located in Luton at Griffin House. The after-sales parts warehouse, with a capacity for nearly 83,000 different part lines, and European Customer Service Centre, are situated near Luton on the same site.

On 10 December 2004, Vauxhall Properties Limited, the Company's principal subsidiary, was put into members' voluntary liquidation. Further details are set out in Note 11a.

### **OPERATING AND FINANCIAL REVIEW**

Vauxhall Motors is part of the General Motors Corporation ("GM"), which is listed on the New York Stock Exchange (NYSE ticker: GM). GM's results for the past 12 months, which includes those of Vauxhall Motors, were released on 19 January 2005.

The Company and its consolidated subsidiary undertakings ("Vauxhall") reported a loss before tax of £178.3 million in 2004 against a loss before tax of £115.1 million in 2003. The 2004 loss includes a profit of £10.6 million relating to the sale of the Luton plant, costs of £24.4 million relating to the cessation of Vectra production at Ellesmere Port and costs of £7.7 million representing the Company's share of certain restructuring costs incurred by the Fiat-GM joint venture which are borne by the joint venture parties.

Vauxhall's share of the UK car market was flat versus 2003 at 12.7 percent, with 325,010 registrations (326,433 in 2003).

Vauxhall sales of commercial vehicles were 48,528 units versus 49,873 in 2003. Vauxhall ended the year with a market share of 14.7 percent (16.4 percent in 2003).

A key highlight of the year was the successful launch of the new Astra - the latest generation of one of Vauxhall's most popular vehicles. With an initial launch event held in St. Tropez and production of the new model at Ellesmere Port being officially started by GM's CEO Rick Wagoner, interest in and sales of, the new Astra started well and remained strong throughout the year.

An acclaimed estate version of the Astra was launched in September 2004. Other highly successful product introductions included the Monaro, a performance car of Australian descent and the new Tigra, which won the accolade of 'Coupe Convertible of the Year' at its 2004 Geneva Motor Show launch.

In August 2004 Vauxhall topped the sales charts for combined car and commercial vehicles sales - the first time the company has held the number one position for the combined figure.

During 2004, Vauxhall won several prestigious awards for its products. Highlights include the new Astra winning 'Best New Car' at the 2004 Fleet World awards. In the Commercial Fleet World awards, the 1.3 CDTi won the 'Best New Engine' title, the Vauxhall fleet team collected the Editor's award for leading the fleet sales market for the first time in the company's history and the Vivaro won 'Best Medium Van'. Movano was named 'Van of the Year' by What Van? magazine, with Vauxhall's entire Commercial Vehicle range being recognised as the best 'one-stop shop' for conversions.

Capital expenditure for the year is disclosed in note 9. As in 2003, the amount for the year was principally incurred as part of the £80 million investment announced for the introduction of the new Astra at the Ellesmere Port plant. Vauxhall ceased production of the Vectra model at Ellesmere Port to concentrate on the production of the Astra in July 2004. This allowed the plant to increase production of Astra to meet European demand and stabilise the production facility.

## **VAUXHALL MOTORS LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **OPERATING AND FINANCIAL REVIEW (continued)**

Total production volume at Ellesmere Port increased by 13.5 percent compared to 2003 with 147,918 units (130,124 in 2003). Exports grew to 88,442 units (62,282 units in 2003), an increase of 42 percent compared to 2003.

Throughout 2004, Vauxhall put a major marketing drive behind the VXR brand, which was inspired by the success of its VX Racing motor sport team. The brand, which offers high performance versions of its most popular models, was unveiled at the Birmingham Motor Show, with the VXR220 and Monaro VXR taking centre stage. VXR variants of both cars sold out before the end of the year.

#### **FUTURE DEVELOPMENTS**

As a member of the European family of General Motors, the Company will face a number of significant challenges in 2005 as the organisation continues to restructure to achieve profitability and consequently we receive funding support from General Motors companies. A key programme to aid General Motors Europe and Vauxhall in this endeavour was announced in October 2004 by General Motors Europe. This will reduce Europe-wide annual costs by around €500 million.

Vauxhall product launches in 2005 will include a new 3 door Astra Sports Hatch and a new 2005 Monaro VXR. The family-driven Zafira will benefit from an enhancement, which will include increased versatility of its unique Flex7 passenger and load space organiser, as well as an updated interior and exterior. Refreshed Vectra and Signum models will follow.

#### **DIVIDENDS**

No dividends were paid during 2003 and 2004. No final dividend is proposed for the year ended 31 December 2004.

#### **EMPLOYEE POLICIES**

The Company operates an Equal Opportunities policy that is applied to all employees, contractors and agencies working for the Company.

Our business operations involve us in many relationships with employees, unions, government (both local and national), NGO's (Non-Governmental Organisations), communities, customers, suppliers and our parent company and sister businesses in their roles as investors in Vauxhall. Throughout the year we continued with our stakeholder consultations in all areas of our business - internal communications through weekly, monthly and annual publications; quarterly financial and state of the business reviews; along with an executive conference for all senior managers. Regular meetings were also held with key stakeholders outside the organisation including government, suppliers and NGO's. Vauxhall continues to explore how the company can participate in further initiatives across the community in support of a sustainable business.

#### **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.

#### **VALUATION OF TANGIBLE FIXED ASSETS**

The Directors consider the carrying value of tangible fixed assets is not materially different from the market value.

#### **CREDITOR PAYMENT POLICY**

Vauxhall Motors Limited aim to pay all their suppliers within the payment terms negotiated with each individual supplier. At 31 December 2004, the company's trade creditors represented 69 days of trade purchases (2003 - 78 days).

## **VAUXHALL MOTORS LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **INVESTMENTS IN DEALERSHIPS**

The Company operates a Dealer Investment Plan. The primary objective is to provide financial assistance to suitably qualified candidates to set up dealerships, with the object of buying out the Company's interests in the shortest period possible. This financial support is provided by the Company investing in redeemable preference shares, debentures and loan stock of dealership companies. The Company retains control until all preference shares are redeemed (see note 11b to the accounts).

#### **DONATIONS**

No donations for political purposes were made during the year. The Company's donations for charitable purposes in 2004 totalled £235,127 (2003 – £264,432).

#### **RESEARCH AND DEVELOPMENT**

General Motors' Technical Development Centre (a division of Adam Opel AG, a fellow subsidiary undertaking), which has overall responsibility for vehicle design and development in Europe, carries out research and development activities on behalf of the Company in Germany. In the UK the Vauxhall Engineering Centre at Millbrook in Bedfordshire is an engineering centre of excellence for vans and recreational vehicles.

#### **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 Burton	(resigned 13 December 2004)
K Teichert	(resigned 13 December 2004)
D N Reilly	(resigned 31 January 2005)
K Benjamin	(resigned 31 January 2005, reappointed 4 July 2005)
K E Wale	(resigned 9 May 2005)
J Browning	(appointed 9 May 2005)

At the end of the year there existed an arrangement between companies in the United Kingdom group and General Motors Corporation under which group companies met the cost of certain 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 employees or Directors of other United Kingdom group companies. During the year all Directors held shares or options in General Motors Corporation.

The Directors had no interests at any time during the year in the shares of Vauxhall Motors 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



C W Parfitt  
Director  
20 July 2005

## **VAUXHALL MOTORS 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  
VAUXHALL MOTORS LIMITED**

We have audited the financial statements of Vauxhall Motors Limited for the year ended 31 December 2004 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the reconciliation of movement in consolidated shareholders' deficit, the balance sheets, the consolidated cash flow statement, and the related notes 1 to 24. 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 2004 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Deloitte & Touche LLP**

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London

29 July 2005

# **VAUXHALL MOTORS LIMITED**

## **CONSOLIDATED PROFIT AND LOSS ACCOUNT** **Year ended 31 December 2004**

	<b>Note</b>	<b>2004 £m</b>	<b>2003 £m</b>
<b>TURNOVER</b>	<b>2</b>	<b>3,784.9</b>	<b>3,574.8</b>
Cost of sales			
Exceptional restructuring costs	<b>3</b>	(32.1)	(13.3)
Other cost of sales		(3,622.3)	(3,327.7)
Total cost of sales		(3,654.4)	(3,341.0)
<b>GROSS PROFIT</b>		<b>130.5</b>	<b>233.8</b>
Distribution costs		(289.6)	(328.8)
Administrative expenses		(25.8)	(24.6)
<b>OPERATING LOSS</b>		<b>(184.9)</b>	<b>(119.6)</b>
Exceptional profit on disposal of fixed assets	<b>4</b>	10.6	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>	<b>3</b>	<b>(174.3)</b>	<b>(119.6)</b>
Net interest (payable)/receivable and similar charges / income	<b>5</b>	(4.0)	4.5
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(178.3)</b>	<b>(115.1)</b>
Tax credit on loss on ordinary activities	<b>6</b>	31.8	7.5
<b>RETAINED LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR</b>	<b>18</b>	<b>(146.5)</b>	<b>(107.6)</b>

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

There are no material differences between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

**VAUXHALL MOTORS LIMITED**

**STATEMENT OF TOTAL CONSOLIDATED RECOGNISED GAINS AND LOSSES**  
**Year ended 31 December 2004**

	<b>2004 £m</b>	<b>2003 £m</b>
Loss for the financial year	(146.5)	(107.6)
	<hr/>	<hr/>
<b>TOTAL RECOGNISED GAINS AND LOSSES SINCE THE LAST ANNUAL REPORT</b>	<b>(146.5)</b>	<b>(107.6)</b>
	<hr/> <hr/>	<hr/> <hr/>

**RECONCILIATION OF MOVEMENT IN CONSOLIDATED  
SHAREHOLDERS' DEFICIT**  
**Year ended 31 December 2004**

	<b>2004 £m</b>	<b>2003 £m</b>
Loss for the financial year	(146.5)	(107.6)
	<hr/>	<hr/>
<b>NET INCREASE IN SHAREHOLDERS' DEFICIT</b>	<b>(146.5)</b>	<b>(107.6)</b>
Opening shareholders' deficit	(213.9)	(106.3)
	<hr/>	<hr/>
<b>CLOSING SHAREHOLDERS' DEFICIT</b>	<b>(360.4)</b>	<b>(213.9)</b>
	<hr/> <hr/>	<hr/> <hr/>

# **VAUXHALL MOTORS LIMITED**

## **CONSOLIDATED BALANCE SHEET 31 December 2004**

	Note	2004 £m	2003 £m
<b>FIXED ASSETS</b>			
Tangible assets			
- Land, buildings, plant, machinery and equipment	9	322.4	383.9
- Special tools, jigs and dies	10	33.8	32.2
Investments			
- Shares in group undertaking	11	0.5	0.5
- Other investments	11	20.5	19.1
		<u>377.2</u>	<u>435.7</u>
<b>CURRENT ASSETS</b>			
Stocks	12	749.6	922.4
Debtors	13	540.1	594.6
Cash at bank and in hand		5.9	1.1
		<u>1,295.6</u>	<u>1,518.1</u>
<b>CREDITORS:</b>			
Amounts falling due within one year	14	<u>(1,722.3)</u>	<u>(1,819.2)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(426.7)</u>	<u>(301.1)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(49.5)</u>	<u>134.6</u>
<b>CREDITORS:</b>			
Amounts falling due after more than one year	15	(21.1)	(22.4)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	<u>(289.8)</u>	<u>(326.1)</u>
<b>NET LIABILITIES</b>		<u>(360.4)</u>	<u>(213.9)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	45.9	45.9
Revaluation reserve	18	26.8	29.8
Capital reserve	18	0.1	0.1
Profit and loss account	18	<u>(433.2)</u>	<u>(289.7)</u>
<b>EQUITY SHAREHOLDERS' DEFICIT</b>		<u>(360.4)</u>	<u>(213.9)</u>

These financial statements were approved by the Board of Directors on 20 July 2005 and are signed on its behalf by:

  
C.W. Parfitt

Director

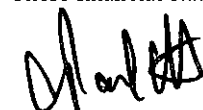
20 July 2005

# VAUXHALL MOTORS LIMITED

## **COMPANY BALANCE SHEET** **31 December 2004**

	<b>Note</b>	<b>2004 £m</b>	<b>2003 £m</b>
<b>FIXED ASSETS</b>			
Tangible assets			
- Land, buildings, plant, machinery and equipment	9	322.4	339.6
- Special tools, jigs and dies	10	33.8	32.2
Investments			
- Shares in group undertaking	11	0.5	124.5
- Other investments	11	20.5	19.1
		<u>377.2</u>	<u>515.4</u>
<b>CURRENT ASSETS</b>			
Stocks	12	749.6	922.4
Debtors	13	540.1	417.0
Cash at bank and in hand		5.9	1.1
		<u>1,295.6</u>	<u>1,340.5</u>
<b>CREDITORS:</b>			
Amounts falling due within one year	14	(1,722.3)	(1,832.5)
<b>NET CURRENT LIABILITIES</b>		<u>(426.7)</u>	<u>(492.0)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(49.5)</u>	<u>23.4</u>
<b>CREDITORS:</b>			
Amounts falling due after more than one year	15	(21.1)	(30.7)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	(289.8)	(324.5)
<b>NET LIABILITIES</b>		<u>(360.4)</u>	<u>(331.8)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	45.9	45.9
Capital reserve	18	0.1	0.1
Profit and loss account	18	(406.4)	(377.8)
<b>EQUITY SHAREHOLDERS' DEFICIT</b>		<u>(360.4)</u>	<u>(331.8)</u>

These financial statements were approved by the Board of Directors on 20 July 2005 and are signed on its behalf by:



C W Parfitt  
Director

20 July 2005

# VAUXHALL MOTORS LIMITED

## **CONSOLIDATED STATEMENT OF CASH FLOW** **Year ended 31 December 2004**

	Notes	£m	2004 £m	£m	2003 £m
<b>Net cash inflow from operating activities</b>	19		21.6		48.2
<b>Returns on investments and servicing of finance</b>					
Interest received		13.3		12.1	
Interest paid		(17.3)		(7.6)	
<b>Net cash (outflow)/inflow from returns on investments and servicing of finance</b>			(4.0)		4.5
<b>Taxation</b>					
Corporation tax refunded		1.7		1.5	
<b>Tax refunded</b>			1.7		1.5
<b>Capital expenditure and financial investments</b>					
Payments to acquire tangible fixed assets		(24.3)		(79.5)	
Receipts from sales of tangible fixed assets		15.1		3.8	
Net acquisitions of other investments		(1.2)		(0.4)	
<b>Net cash outflow from capital expenditure and financial investment</b>			(10.4)		(76.1)
<b>Net cash inflow/(outflow) before financing</b>			8.9		(21.9)
<b>Financing</b>					
Capital element of finance lease rentals		(4.1)		(3.8)	
<b>Net cash outflow from financing</b>			(4.1)		(3.8)
<b>Net increase/(decrease) in cash in the year</b>	19		4.8		(25.7)

## **VAUXHALL MOTORS LIMITED**

### **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2004**

#### **1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and preceding year, are described below.

##### **Accounting basis**

The financial statements are prepared on the historical cost basis, modified to include the revaluation of certain fixed assets, in conformity with applicable United Kingdom accounting standards.

##### **Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking up to 10 December 2004 when the subsidiary was put into members' voluntary liquidation, using the acquisition method (see note 11 to the accounts).

##### **Tangible fixed assets**

Freehold and leasehold land and buildings and plant, machinery and equipment values are written off over the estimated remaining useful lives on a straight-line basis.

For the major asset categories asset lives are as follows:

Freehold improvements and buildings	25 years
Plant, machinery and equipment	7-10 years

No depreciation is provided on land.

Leasehold property is written off at rates appropriate to the period of the lease or at 4 per cent per annum, whichever is the greater.

##### **Special tools, jigs and dies**

The cost of special tools, jigs and dies is written off over the estimated production run of the models to which they relate or a maximum of six years.

##### **Fixed asset investments**

Fixed asset investments are stated at cost less any provisions for impairment.

##### **Fixed asset and special tool leasing**

Where fixed assets and special tools are financed by leasing agreements that give rights approximately equivalent to ownership (finance leases) the assets are treated as if they had been purchased outright at the present value of the total rental payable during the primary period of the lease, and the corresponding leasing commitments are treated as obligations to the lessor.

Depreciation or amortisation on the relevant assets is provided at the rates referred to above.

Leasing payments are treated as consisting of capital and interest elements with the interest charged against revenues.

All other leases are operating leases, the annual rentals of which are charged to the profit and loss account on a straight-line basis over the term of the lease.

##### **Taxation**

Corporation tax is provided on taxable profit at the appropriate rates ruling each year.

##### **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 tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

## **VAUXHALL MOTORS LIMITED**

### **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2004**

#### **1. ACCOUNTING POLICIES (continued)**

##### **Deferred taxation (continued)**

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.

##### **Regional development and assistance grants**

Regional development and assistance grants are credited to income over the estimated lives of the assets to which the grants relate at the date of grant.

##### **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 transactions during the year are recorded using the rates of exchange ruling at the dates of the transactions or, if hedged, at the forward contract rates. Monetary assets and liabilities denominated in foreign currencies are translated using the rates of exchange ruling at the balance sheet date or the hedged rate and the gains or losses on translation are included in the profit and loss exchange account.

##### **Warranty liability on Company products**

Provision is made for the estimated liability on all products under warranty.

##### **Pensions 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.

##### **Revenue**

In accordance with Application Note G to Financial Reporting Standard 5 "Reporting the Substance of Transactions", revenue is recognised under an exchange contract with a customer, when, and to the extent that, the Group obtains the right to consideration in exchange for its performance.

Revenue represents the sales of motor vehicles, components, parts and accessories net of trade discounts, VAT and other sales related taxes. Provisions for dealer and customer incentives, allowances and rebates are made at the time of vehicle sales and are recorded against revenue.

Certain vehicles are sold under agreements containing residual value or repurchase commitments. If the substance of the transaction indicates that the Group has not transferred the principal risks and rewards of vehicle ownership to the purchaser, the transaction is accounted for as a grant of an operating lease until an economic sale of the vehicle has been made.

##### **GM credit card**

All income and expenses relating to the Group's credit card operations are taken to the profit and loss account as they arise with the exception of points earned by cardholders. Liabilities relating to points earned but not yet redeemed are only recognised to the extent that the Group will incur a net charge after taking into account the profit arising on the sale of the vehicle at the time that the points are redeemed.



## **VAUXHALL MOTORS LIMITED**

### **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2004**

#### **2. TURNOVER**

The operations of the Group are based exclusively in the United Kingdom. All Group turnover relates to the sale of automotive products.

	2004 £m	2003 £m
Geographical analysis of turnover by destination:		
United Kingdom	2,975.0	2,924.0
Rest of Europe	809.0	647.2
Rest of the World	0.9	3.6
	<u>3,784.9</u>	<u>3,574.8</u>

#### **3. OPERATING LOSS**

	£m	2004 £m	£m	2003 £m
<b>Operating loss is arrived at after charging/(crediting)</b>				
Depreciation of tangible fixed assets				
- owned		64.2		67.3
Exceptional restructuring costs				
- separations	-		9.7	
- other charges	7.7		3.6	
- cessation of Vectra production	24.4		-	
- charged through profit and loss account		32.1		13.3
Amortisation of special tools, jigs and dies				
- owned		7.6		3.5
Foreign exchange (gains)/losses		(1.0)		18.5
Release of specific voluntary early retirement and separation provisions		-		(10.7)
Rentals under operating leases				
- Hire of plant and machinery		0.8		1.1
- Other operating leases		2.2		2.7
Amortisation of regional development grants		(1.6)		(2.1)
Release of provision for write down of investments in dealerships		(0.2)		(0.9)
Loss/(profit) on disposal of tangible fixed assets		7.9		(0.1)
Auditors' remuneration				
- audit fees		0.3		0.2
- non-audit fees		0.2		0.4

Exceptional restructuring costs in 2004 comprise £7.7 million representing the company's share of certain restructuring costs incurred by the Fiat-GM joint venture which are borne by the joint venture parties and £24.4 million relating to the cessation of the Vectra production at Ellesmere Port.

Exceptional restructuring costs in 2003 comprise £9.7 million in respect of voluntary redundancies undertaken as part of the GM Europe continuing Project Olympia profitability improvement programme and £3.6 million representing the Company's share of certain restructuring costs incurred by the Fiat-GM joint venture which are borne by the joint venture parties.

# **VAUXHALL MOTORS LIMITED**

## **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2004**

### **4. EXCEPTIONAL PROFIT ON DISPOSAL OF FIXED ASSETS**

	<b>2004 £m</b>	<b>2003 £m</b>
Profit on sale of freehold land	10.6	-

### **5. NET INTEREST (PAYABLE)/RECEIVABLE**

	<b>2004 £m</b>	<b>2003 £m</b>
Loans from group undertakings	(16.8)	(6.2)
Other interest expense	(0.5)	(1.4)
Interest payable and similar charges	(17.3)	(7.6)
Loans to group undertakings	13.2	11.2
Other loans and deposits receivable within five years	0.1	0.9
Interest receivable and similar income	13.3	12.1
Net interest (payable)/receivable	(4.0)	4.5

### **6. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES**

<b>Group</b>	<b>2004 £m</b>	<b>2003 £m</b>
Current tax:		
UK corporation tax at 30% (2003 – 30%)	-	-
Adjustment in respect of prior periods	(30.2)	(7.4)
	(30.2)	(7.4)
Deferred tax:		
Deferred tax credit	(1.6)	(0.1)
	(31.8)	(7.5)

# **VAUXHALL MOTORS LIMITED**

## **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2004**

### **6. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES (continued)**

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

<b>Group</b>	<b>2004 £m</b>	<b>2003 £m</b>
Loss on ordinary activities before tax	<u>(178.3)</u>	<u>(115.1)</u>
Tax at UK rate of 30% thereon	(53.5)	(34.5)
Effects of:		
Expenses not deductible for tax purposes	0.1	0.6
Capital allowances in excess of depreciation	25.9	(0.8)
Other timing differences	(1.1)	-
Tax losses	28.6	34.7
Prior period adjustments	<u>(30.2)</u>	<u>(7.4)</u>
Current tax credit for the year	<u>(30.2)</u>	<u>(7.4)</u>

### **7. EMPLOYEES**

	<b>2004 No.</b>	<b>2003 No.</b>
a. Average monthly number		
Salaried	944	1,084
Hourly	<u>4,103</u>	<u>4,074</u>
	<u>5,047</u>	<u>5,158</u>
	<b>2004 £m</b>	<b>2003 £m</b>
b. Costs		
Wages and salaries	170.4	174.5
Social security costs	12.9	11.7
Pension costs	<u>11.8</u>	<u>11.8</u>
	<u>195.1</u>	<u>198.0</u>

# VAUXHALL MOTORS LIMITED

## **NOTES TO THE ACCOUNTS** **Year ended 31 December 2004**

### **8. EMOLUMENTS OF DIRECTORS**

	2004 £	2003 £
Directors' emoluments	1,334,615	1,499,286
Aggregate of contributions paid in respect of money purchase pension schemes	<u>23,264</u>	<u>19,539</u>
	No.	No.
Number of Directors who received, or became eligible to receive, shares during the year	<u>6</u>	<u>8</u>
	No.	No.
Number of Directors who are members of a money purchase pension scheme	3	3
Number of Directors who are members of a defined benefit pension scheme	<u>6</u>	<u>7</u>
	£	£
In respect of the highest paid Director:		
Aggregate emoluments	375,297	474,957
Contributions paid in respect of the money purchase pension scheme	-	-
Annual pension accrued under a defined benefit pension scheme	103,889	92,112
Shares received under long-term incentive plan	<u>67,847</u>	<u>-</u>

The emoluments of certain Directors, including those of the highest paid Director, have been apportioned between the General Motors Corporation group companies in the United Kingdom of which they are Directors. A significant portion of the incentive compensation of Directors is based on the annual as well as longer-term financial results of General Motors Europe and General Motors Corporation. Also included within the above emoluments, where applicable, are certain benefits-in-kind, principally housing and living allowance costs.

Some of the non-UK national Directors were paid in US dollars, the translation of their emoluments to pounds sterling has been at rates closely approximating to the market rates at the time of payment.

# **VAUXHALL MOTORS LIMITED**

## **NOTES TO THE ACCOUNTS** **Year ended 31 December 2004**

### **9. TANGIBLE FIXED ASSETS - LAND, BUILDINGS, PLANT, MACHINERY AND EQUIPMENT**

<b>Group</b>	<b>Freehold land and buildings £m</b>	<b>Long leasehold land and buildings £m</b>	<b>Plant, machinery and equipment £m</b>	<b>Total £m</b>
<b>Cost or valuation</b>				
At 1 January 2004	265.9	36.8	611.0	913.7
Additions	3.6	0.2	11.3	15.1
Disposals	(77.4)	-	(134.8)	(212.2)
At 31 December 2004	192.1	37.0	487.5	716.6
At cost	102.9	8.3	486.3	597.5
At valuation	89.2	28.7	1.2	119.1
At 31 December 2004	192.1	37.0	487.5	716.6
<b>Accumulated depreciation</b>				
At 1 January 2004	139.6	7.9	382.3	529.8
Charge for the year	5.9	0.5	57.8	64.2
Disposals	(75.2)	-	(124.6)	(199.8)
At 31 December 2004	70.3	8.4	315.5	394.2
<b>Net book value</b>				
At 31 December 2004	121.8	28.6	172.0	322.4
At 31 December 2003	126.3	28.9	228.7	383.9
<b>Group</b>	<b>Freehold land and buildings £m</b>	<b>Long leasehold land and buildings £m</b>	<b>Plant, machinery and equipment £m</b>	<b>Total £m</b>
<b>Original cost equivalent</b>				
At 31 December 2004				
Cost	188.1	11.6	506.3	706.0
Accumulated depreciation	(68.6)	(6.2)	(335.6)	(410.4)
Net book value	119.5	5.4	170.7	295.6
At 31 December 2003				
Cost	252.8	11.4	631.7	895.9
Accumulated depreciation	(136.6)	(5.7)	(399.5)	(541.8)
Net book value	116.2	5.7	232.2	354.1

## **VAUXHALL MOTORS LIMITED**

### **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2004**

#### **9. TANGIBLE FIXED ASSETS - LAND, BUILDINGS, PLANT, MACHINERY AND EQUIPMENT (continued)**

A valuation of the freehold and long leasehold land and buildings sold to Vauxhall Properties Limited was carried out in 1991 and the remaining land and buildings were valued as at 31 December 1984. Both these valuations were on the basis of their open market existing use value or depreciated replacement costs, as appropriate, and these values have been incorporated into the accounts.

The Group has taken advantage of the transitional rules contained in Financial Reporting Standard 15 "Tangible Fixed Assets", to freeze the valuation of its freehold properties previously revalued and therefore these valuations have not been updated.

<b>Company</b>	<b>Freehold land and buildings £m</b>	<b>Long leasehold land and buildings £m</b>	<b>Plant, machinery and equipment £m</b>	<b>Total £m</b>
<b>Cost or valuation</b>				
At 1 January 2004	202.1	8.7	611.0	821.8
Subsidiary's assets acquired	63.8	28.1	-	91.9
Other additions	3.6	0.2	11.3	15.1
Disposals	(77.4)	-	(134.8)	(212.2)
At 31 December 2004	192.1	37.0	487.5	716.6
<b>Accumulated depreciation</b>				
At 1 January 2004	95.8	4.0	382.4	482.2
Subsidiary's assets acquired	46.2	3.9	-	50.1
Charge for the year	3.5	0.5	57.7	61.7
Disposals	(75.2)	-	(124.6)	(199.8)
At 31 December 2004	70.3	8.4	315.5	394.2
<b>Net book value</b>				
At 31 December 2004	121.8	28.6	172.0	322.4
At 31 December 2003	106.3	4.7	228.6	339.6

At 31 December 2004 there was no material difference between the fixed assets of Vauxhall Motors Limited valued at historical cost, and at cost or valuation basis.

## **VAUXHALL MOTORS LIMITED**

### **NOTES TO THE ACCOUNTS** **Year ended 31 December 2004**

#### **10. TANGIBLE FIXED ASSETS – SPECIAL TOOLS, JIGS AND DIES**

<b>Group and Company</b>	<b>£m</b>
<b>Cost</b>	
At 1 January 2004	118.2
Additions	9.2
Disposals	-
	<hr/>
At 31 December 2004	127.4
	<hr/>
<b>Amortisation</b>	
At 1 January 2004	86.0
Charge for the year	7.6
Disposals	-
	<hr/>
At 31 December 2004	93.6
	<hr/>
<b>Net book value</b>	
At 31 December 2004	33.8
	<hr/>
At 31 December 2003	32.2
	<hr/>

#### **11. FIXED ASSET INVESTMENTS**

##### **a. Shares in group undertakings**

	<b>Group</b>		<b>Company</b>	
<b>Cost</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
At 1 January 2004	0.5	0.5	124.5	124.5
Subsidiary placed into members' voluntary liquidation	-	-	(124.0)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	0.5	0.5	0.5	124.5
	<hr/>	<hr/>	<hr/>	<hr/>

On 10 December 2004, as part of the on-going reorganisation of GM Automotive UK's subsidiaries, Vauxhall Properties Limited, the Company's principal subsidiary, was placed into members' voluntary liquidation. The assets and liabilities of Vauxhall Properties Limited were distributed to the Company by a combination of pre-liquidation dividends and as a dividend in specie distributed by the liquidator.

The Company's shares in subsidiary undertakings include 500,002 £1 ordinary shares in Vauxhall Engineering Centre Limited, a UK company providing automotive product development services. This interest constitutes 100% of the share capital and voting rights of the Vauxhall Engineering Centre Limited. Vauxhall Engineering Centre Limited is not consolidated in these accounts due to its immateriality to the Group.

# **VAUXHALL MOTORS LIMITED**

## **NOTES TO THE ACCOUNTS** **Year ended 31 December 2004**

### **11. FIXED ASSET INVESTMENT (continued)**

#### **b. Other investments**

	<b>2004</b>	<b>2004</b>	<b>2004</b>	<b>2003</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Group and Company</b>	<b>Cost</b>	<b>Provision</b>	<b>Net</b>	<b>Net</b>
Investments in dealerships	18.4	(1.0)	17.4	16.4
Loans to dealerships	3.0	(0.1)	2.9	2.5
Other investments	0.2	-	0.2	0.2
	<u>21.6</u>	<u>(1.1)</u>	<u>20.5</u>	<u>19.1</u>

Investments in dealerships arise as a result of the Company's Dealer Investment Plan. The primary objective of this is to provide financial assistance to suitably qualified candidates to set up dealerships, with the objective of buying out the Company's interests in the shortest period possible. This financial support is provided by the Company investing in redeemable preference shares, debentures and loan stock of dealership companies. The Company retains control until all preference shares are redeemed. At 31 December 2004, Vauxhall's share of investments in dealerships ranged between 1% and 99%. Investments in dealerships are not consolidated due to their immateriality to the group.

Information in respect of movements during the year:

	<b>Dealerships</b>		<b>Other</b>	
	<b>Investments</b>	<b>Loans</b>	<b>Investments</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Balance at 1 January 2004	16.4	2.5	0.2	19.1
Acquisitions	2.6	0.9	-	3.5
Redemptions, sales and repayments	(1.8)	(0.5)	-	(2.3)
Movement in provision	0.2	-	-	0.2
	<u>17.4</u>	<u>2.9</u>	<u>0.2</u>	<u>20.5</u>

### **12. STOCKS**

<b>Group and Company</b>	<b>2004</b>	<b>2003</b>
	<b>£m</b>	<b>£m</b>
Raw materials and work-in-progress	39.4	36.8
Finished product (motor vehicles)	192.4	232.1
Motor vehicles on consignment	246.5	380.2
Parts and accessories	54.6	52.3
Motor vehicles sold under sale and repurchase agreements	216.7	221.0
	<u>749.6</u>	<u>922.4</u>



# **VAUXHALL MOTORS LIMITED**

## **NOTES TO THE ACCOUNTS** **Year ended 31 December 2004**

### **13. DEBTORS**

	<b>2004</b>		<b>2003</b>	
	<b>Group £m</b>	<b>Company £m</b>	<b>Group £m</b>	<b>Company £m</b>
Amounts falling due within one year:				
Trade debtors	97.2	97.2	95.3	95.3
Amounts owed by General Motors Corporation and fellow subsidiary undertakings	404.9	404.9	491.7	314.1
Corporation tax	30.3	30.3	-	-
Other debtors	1.9	1.9	4.0	4.0
Prepayments and accrued income	5.8	5.8	3.6	3.6
	<u>540.1</u>	<u>540.1</u>	<u>594.6</u>	<u>417.0</u>

### **14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2004</b>		<b>2003</b>	
	<b>Group £m</b>	<b>Company £m</b>	<b>Group £m</b>	<b>Company £m</b>
Finance lease (refer to note 15a)	4.5	4.5	4.5	4.5
Trade creditors	180.4	180.4	138.5	138.5
Amounts owed to subsidiary undertakings	-	-	-	13.3
Amounts owed to General Motors Corporation and fellow subsidiary undertakings	1,024.9	1,024.9	1,113.7	1,113.7
Corporation tax	25.8	25.8	24.0	24.0
Taxation and social security	29.1	29.1	40.4	40.4
Other creditors	20.4	20.4	27.1	27.1
Liability for repurchase of specific vehicles sold under sale and repurchase agreements	216.7	216.7	223.6	223.6
Accruals and deferred income	220.5	220.5	247.4	247.4
	<u>1,722.3</u>	<u>1,722.3</u>	<u>1,819.2</u>	<u>1,832.5</u>

# **VAUXHALL MOTORS LIMITED**

## **NOTES TO THE ACCOUNTS** **Year ended 31 December 2004**

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

	<b>2004</b>		<b>2003</b>	
	<b>Group £m</b>	<b>Company £m</b>	<b>Group £m</b>	<b>Company £m</b>
Finance leases (refer to note 15a)	-	-	4.1	4.1
Amounts owed to subsidiary undertakings	-	-	-	8.3
Deferred income				
- regional development and assistance grants (15b)	14.2	14.2	15.7	15.7
Other creditors	6.9	6.9	2.6	2.6
	<u>21.1</u>	<u>21.1</u>	<u>22.4</u>	<u>30.7</u>

(a) Minimum finance lease payments payable

	<b>2004 £m</b>	<b>2003 £m</b>
Within one year (refer to note 14)	4.5	4.5
Between one and five years (see above)	-	4.5
	<u>4.5</u>	<u>9.0</u>
Less: finance charges allocated to future periods	-	(0.4)
	<u>4.5</u>	<u>8.6</u>

(b) The value of Regional Development and Assistance Grants to be amortised after more than five years is £nil (2003 - £4.2 million).

### **16. PROVISIONS FOR LIABILITIES AND CHARGES**

<b>Group</b>	<b>Restructuring £m</b>	<b>Pension provision £m</b>	<b>Other provisions £m</b>	<b>Deferred taxation £m</b>	<b>Total £m</b>
At 1 January 2004	15.2	73.0	236.3	1.6	326.1
Utilised in year	(14.4)	(10.7)	(340.2)	-	(365.3)
Unused provisions released in the year	(0.8)	-	(64.5)	-	(65.3)
Charge/(credit) to the profit and loss account	<u>17.0</u>	<u>11.8</u>	<u>367.1</u>	<u>(1.6)</u>	<u>394.3</u>
At 31 December 2004	<u>17.0</u>	<u>74.1</u>	<u>198.7</u>	<u>-</u>	<u>289.8</u>

## **VAUXHALL MOTORS LIMITED**

### **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2004**

#### **16. PROVISIONS FOR LIABILITIES AND CHARGES (continued)**

<b>Company</b>	<b>Restructuring £m</b>	<b>Pension provision £m</b>	<b>Other provisions £m</b>	<b>Deferred taxation £m</b>	<b>Total £m</b>
At 1 January 2004	15.2	73.0	236.3	-	324.5
Utilised in year	(14.4)	(10.7)	(340.2)	-	(365.3)
Unused provisions released in the year	(0.8)	-	(64.5)	-	(65.3)
Charge to the profit and loss account	17.0	11.8	367.1	-	395.9
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	17.0	74.1	198.7	-	289.8
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

#### **Restructuring**

This relates to voluntary separations, a liability that has arisen in respect of the sale, in July 2001, of the Company's V6 production operations to the Fiat-GM joint venture and the cessation of the Vectra car line at Ellesmere Port.

#### **Pensions**

This represents the difference between the charge, or credit, to the profit and loss account in respect of pension costs, and the contributions to the pension schemes (see notes 1 and 22).

#### **Other**

This provision primarily relates to warranty costs, the bulk of which are expected to crystallise within three years.

#### **Deferred taxation**

Deferred taxation is analysed over the following timing differences:

	<b>2004</b>		<b>2003</b>	
	<b>Group £m</b>	<b>Company £m</b>	<b>Group £m</b>	<b>Company £m</b>
Accelerated capital allowances	-	-	10.0	8.4
Pensions costs	-	-	(8.4)	(8.4)
	<hr/>	<hr/>	<hr/>	<hr/>
Total provision	-	-	1.6	-
	<hr/>	<hr/>	<hr/>	<hr/>

# **VAUXHALL MOTORS LIMITED**

## **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2004**

### **16. PROVISIONS FOR LIABILITIES AND CHARGES (continued)**

In accordance with Financial Reporting Standard 19 "Deferred Tax", deferred tax has not been provided on the revaluation of fixed assets, or the potential gain on the sale of assets that have been rolled into replacement assets. The amounts of unprovided deferred taxation are as follows:

	<b>2004</b>		<b>2003</b>	
	<b>Group £m</b>	<b>Company £m</b>	<b>Group £m</b>	<b>Company £m</b>
Accelerated capital allowances	(84.4)	(84.4)	-	-
Pension costs	(22.2)	(22.2)	(13.6)	(13.6)
Restructuring costs	(5.1)	(5.1)	(4.6)	(4.6)
Tax losses	(36.7)	(36.7)	(90.6)	(90.6)
Other timing differences	(5.2)	(5.2)	(6.2)	(6.2)
<b>Total unprovided related to trading activities</b>	<b>(153.6)</b>	<b>(153.6)</b>	<b>(115.0)</b>	<b>(115.0)</b>
Taxes on:				
Capital gains arising on disposal of property that has been deferred under the roll-over provisions	3.2	3.2	3.2	3.2
Revalued fixed assets if they were disposed of at their revalued amounts	8.1	-	8.0	-
<b>Total unprovided deferred tax balance</b>	<b>(142.3)</b>	<b>(150.4)</b>	<b>(103.8)</b>	<b>(111.8)</b>

### **17. CALLED UP SHARE CAPITAL**

	<b>2004 £m</b>	<b>2003 £m</b>
<b>Authorised, called up, allotted and fully paid:</b>		
45,875,463 (2003 – 45,875,463) ordinary shares of £1 each	45.9	45.9

### **18. MOVEMENT ON RESERVES**

<b>Group</b>	<b>Revaluation reserve £m</b>	<b>Capital reserve £m</b>	<b>Profit and loss account £m</b>
At 1 January 2004	29.8	0.1	(289.7)
Transfer between categories due to disposal/depreciation of revalued fixed assets	(3.0)		3.0
Retained loss for the financial year	-	-	(146.5)
<b>At 31 December 2004</b>	<b>26.8</b>	<b>0.1</b>	<b>(433.2)</b>

## **VAUXHALL MOTORS LIMITED**

### **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2004**

#### **18. MOVEMENT ON RESERVES (continued)**

Unrealised exchange gains of £0.1 million (2003 - gains of £0.9 million) have been included in the consolidated and company profit and loss accounts.

<b>Company</b>	<b>Capital reserve £m</b>	<b>Profit and loss account £m</b>
At 1 January 2004	0.1	(377.8)
Retained loss for the financial year	-	(28.6)
At 31 December 2004	0.1	(406.4)

As permitted under section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented as part of these accounts. The Company's loss for the financial year amounted to £28.6 million (2003 - loss of £122.4 million).

#### **19. NOTES TO THE CASH FLOW STATEMENT**

(a) Reconciliation of operating loss to net cash inflow from operating activities

	<b>2004 £m</b>	<b>2003 £m</b>
Operating loss	(184.9)	(119.6)
Depreciation and special tool amortisation	71.8	70.8
Amortisation of regional development grants	(1.6)	(2.1)
(Decrease)/increase in other deferred income	(1.5)	7.8
Decrease in provision for write down of investments in dealerships	(0.2)	(0.9)
Exceptional restructuring costs	32.1	13.3
Loss/(profit) on disposal of tangible fixed assets	7.9	(0.1)
Decrease/(increase) in stocks	172.8	(232.9)
Decrease/(increase) in debtors	84.8	(92.6)
(Decrease)/increase in creditors	(159.6)	404.5
Net cash inflow from operating activities	21.6	48.2

(b) Reconciliation of movement in net (debt)/funds

	<b>At 1 January 2004 £m</b>	<b>Cash flow £m</b>	<b>Other non-cash changes £m</b>	<b>At 31 December 2004 £m</b>
Cash at bank and in hand	1.1	4.8	-	5.9
Finance leases due within one year	(4.5)	4.1	(4.1)	(4.5)
Finance leases due after one year	(4.1)	-	4.1	-
	(7.5)	8.9	-	1.4

Other non-cash changes represent reclassification of finance leases.

## **VAUXHALL MOTORS LIMITED**

### **NOTES TO THE ACCOUNTS** **Year ended 31 December 2004**

#### **19. NOTES TO THE CASH FLOW STATEMENT (continued)**

##### **(c) Movement in borrowings**

	<b>2004</b>	<b>2003</b>
	<b>£m</b>	<b>£m</b>
Cash outflow from decrease in lease financing	<u>4.1</u>	<u>3.8</u>

#### **20. CONTINGENT LIABILITIES**

##### **End-of-life vehicles**

In September 2000, the European Parliament passed Directive 2000/53/EC requiring member states to adopt legislation regarding end-of-life vehicles.

Under the Directive, vehicle manufacturers and professional importers are financially responsible for a significant part of the cost of collecting, disposing and recycling of vehicles put on the market after July 2002, and all vehicles put on the market prior to 1 July 2002 that are still in operation on 1 January 2007. In the UK the first part of this legislation, disposing and recycling of vehicles put on the market after July 2002, was passed in November 2003. The final part was passed on 3 March 2005.

Management is confident that there is no liability or contingent liability arising from both parts of the legislation as the Company has contracts with third parties for the disposal of these vehicles at minimal cost to the Company.

##### **GM credit card**

Points earned by GM credit card holders may result in an additional discount being given on the future sale of new vehicles, when the points are redeemed. No provision has been made for such discounts as the margins earned on the new vehicle sales are expected to exceed the value of these discounts. Due to the many variables surrounding the redemption of GM card rebate points it is not possible for the Directors to know the total value of future discounts arising from the points earned but not redeemed at 31 December 2004.

## **VAUXHALL MOTORS LIMITED**

### **NOTES TO THE ACCOUNTS** **Year ended 31 December 2004**

#### **21. COMMITMENTS**

(a) Capital expenditure authorised and commitments not provided in these accounts are:

	2004 £m	2003 £m
Committed	3.1	6.0

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

	Land and buildings 2004 £m	Other 2004 £m	Land and buildings 2003 £m	Other 2003 £m
Leases which expire:				
Within one year	-	-	-	0.3
Within two to five years	0.3	0.9	1.1	0.6
After five years	1.8	-	1.7	-
	<u>2.1</u>	<u>0.9</u>	<u>2.8</u>	<u>0.9</u>

The company has outstanding forward foreign exchange contracts amounting to £423,438,000 (2003-£158,734,860) and outstanding foreign currency options amounting to £310,700,000 (2003-£149,883,020)

#### **22. PENSIONS**

The Company makes contributions to three 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 three plans are the Vauxhall Motors Limited Pension Plan ("VMLPP"), the General Motors Retirees Pension Plan ("GMRPP") and the Vauxhall and Associated Companies Pension Fund ("VACPF").

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.

##### **Pension cost**

The Company pension cost for 2004 was £11.8 million (2003 - £11.8 million) calculated in accordance with the provisions of Statement of Standard Accounting Practice 24 "Accounting for Pension Costs", consistently applied. The latest actuarial valuations of the VMLPP and GMRPP plans were performed at 1 January 2002. The latest actuarial valuation for the VACPF was performed at 1 January 2004. 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.

## **VAUXHALL MOTORS LIMITED**

### **NOTES TO THE ACCOUNTS** **Year ended 31 December 2004**

#### **22. PENSIONS (continued)**

##### **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 the 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.

##### **Funding level**

At 1 January 2002, the market value of the assets of the Plan had slightly decreased during 2001 to £859 million. The actuarial value of the assets was sufficient to cover 93% 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 Plan is invested and the combination of UK Gilts and Index-linked securities which most closely match the Plan's liabilities, and specifically the under or over performance of the plan's actual investments relative to the matched portfolio over the past three year period. At the same date the Plan was 111% funded on a Minimum Funding Requirement basis.

##### **Contribution to the Pension Plans**

During 2004 the Company made contributions to the plans of £10.7 million (2003 - £10.7 million). During the year ended 31 December 2004 the Company paid against previous provisions, further special cash contributions to the plans of £6.3 million (2003 - £3.7 million) to cover separation programmes. The Company contributions increased to 10% of pensionable pay from 1 August 2002 and to 14% from 1 April 2005.

##### **Financial Reporting Standard 17 "Retirement Benefits"**

The valuations have been updated to 31 December 2004 in accordance with Financial Reporting Standard 17 "Retirement Benefits" ("FRS 17") by independent, qualified actuaries. The principal assumptions used by the actuaries were:

	<b>31 December 2004 % pa</b>	<b>31 December 2003 % pa</b>	<b>31 December 2002 % pa</b>
Price inflation	2.9	2.8	2.3
Rate of general long-term increase in salaries	3.4	3.3	3.3
Rates of increase to pensions in payment			
- Guaranteed LPI (RPI to maximum of 5%)	2.7	2.7	2.3
- ½ RPI to maximum of 3%	1.4	1.4	1.2
Discount rate for scheme liabilities	5.3	5.5	5.7
Long-term rate of return on assets			
- Equities	8.5	8.5	8.5
- Property	7.5	7.5	8.0
- Government bonds	4.5	4.8	4.5
- Corporate bonds	5.2	5.5	5.5
- Other	4.8	4.0	3.4

The three defined benefit schemes into which the Company contributes are multi-employer schemes. In the opinion of the Directors, it is not possible to separate out in a reasonable and consistent basis the assets and liabilities of these schemes between the different group companies which contribute to them.



## **VAUXHALL MOTORS LIMITED**

### **NOTES TO THE ACCOUNTS** **Year ended 31 December 2004**

#### **22. PENSIONS (continued)**

##### **Financial Reporting Standard 17 "Retirement Benefits" (continued)**

On the basis that historically, Vauxhall Motors Limited is responsible for all company contributions, if any, to the VACPF and GMRPP schemes, the Directors believe that it will be materially correct to account for the whole of these schemes on a defined benefit basis in Vauxhall Motors Limited on the adoption of FRS 17 in full.

The VMLPP is more widely spread between companies, and as such will be accounted for on a defined contribution basis within Vauxhall Motors Limited on adoption of FRS 17 in full. It will be accounted for on a defined benefit basis in the consolidated accounts of GM Automotive UK on adoption of FRS 17.

The values of assets and liabilities below are the result of an update exercise performed by qualified actuaries as at 31 December 2004, 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 2004 for the VACPF and 1 January 2002 for the VMLPP and GMRPP. 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 VACPF and GMRPP schemes, which will be accounted for on a defined benefit basis on the full adoption of FRS 17, at 31 December 2004 were:

	<b>VACPF and GMRPP</b>		
	<b>Value at 31 December 2004 £m</b>	<b>Value at 31 December 2003 £m</b>	<b>Value at 31 December 2002 £m</b>
Equities	55.6	53.4	48.4
Property	8.2	7.8	9.2
Government bonds	83.6	80.3	79.3
Corporate bonds	182.1	187.0	190.1
Other	1.2	1.2	0.1
<b>Total market value of assets</b>	<b>330.7</b>	<b>329.7</b>	<b>327.1</b>
<b>Present value of scheme liabilities</b>	<b>(299.5)</b>	<b>(304.6)</b>	<b>(305.6)</b>
<b>Surplus in schemes</b>	<b>31.2</b>	<b>25.1</b>	<b>21.5</b>
<b>Adjustment for irrecoverable surplus</b>	<b>(34.6)</b>	<b>(27.9)</b>	<b>(24.0)</b>
<b>Related deferred tax asset</b>	<b>1.0</b>	<b>0.8</b>	<b>0.8</b>
<b>Net pension liability</b>	<b>(2.4)</b>	<b>(2.0)</b>	<b>(1.7)</b>

Had the group adopted FRS 17 early, the profit and loss reserves at 31 December 2002, 2003 and 2004 would have been stated as follows:

	<b>2004 £m</b>	<b>2003 £m</b>	<b>2002 £m</b>
Profit and loss reserve	(433.2)	(289.7)	(183.3)
SSAP 24 pension liability	74.1	73.0	71.9
<b>Profit and loss reserve excluding pension liability</b>	<b>(359.1)</b>	<b>(216.7)</b>	<b>(111.4)</b>
<b>Pension reserve (net of related deferred tax liability)</b>	<b>(2.4)</b>	<b>(2.0)</b>	<b>(1.7)</b>
<b>Profit and loss reserve</b>	<b>(361.5)</b>	<b>(218.7)</b>	<b>(113.1)</b>

## **VAUXHALL MOTORS LIMITED**

### **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2004**

#### **22. PENSIONS (continued)**

##### **Financial Reporting Standard 17 "Retirement Benefits" (continued)**

Further information regarding the two schemes is shown below.

There would have been no charge to operating profit in 2003 or 2004 in respect of the VACPF and GMRPP schemes had FRS 17 been adopted.

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

	<b>VACPF and GMRPP</b>	
	<b>2004</b>	<b>2003</b>
	<b>£m</b>	<b>£m</b>
Expected return on pension scheme assets	15.9	16.5
Interest on pension scheme liabilities	(16.0)	(16.7)
Net return	(0.1)	(0.2)

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

	<b>VACPF and GMRPP</b>	
	<b>2004</b>	<b>2003</b>
	<b>£m</b>	<b>£m</b>
Actual return less expected return on pension scheme assets	12.0	13.2
Experience losses arising on the scheme liabilities	(0.9)	(1.2)
Changes in assumptions underlying the present value of the scheme liabilities	(5.3)	(8.7)
Increase in irrecoverable surplus	(6.7)	(3.9)
Actuarial loss that would have been recognised in the Statement of Total Recognised Gains and Losses	(0.9)	(0.6)

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

	<b>VACPF and GMRPP</b>	
	<b>2004</b>	<b>2003</b>
	<b>£m</b>	<b>£m</b>
Surplus in scheme at beginning of the year	25.1	21.5
Current service cost	-	-
Contributions	0.4	0.5
Past service costs	-	-
Other finance income	(0.1)	(0.2)
Actuarial gain	5.8	3.3
Surplus in scheme at the end of the year	31.2	25.1

## **VAUXHALL MOTORS LIMITED**

### **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2004**

#### **22. PENSIONS (continued)**

##### **Financial Reporting Standard 17 "Retirement Benefits" (continued)**

History of experience gains and losses:

	<b>2004</b>	<b>2003</b>	<b>2002</b>
Difference between expected and actual return on scheme assets:			
Amount (£m)	12.0	13.2	5.7
Percentage of scheme assets	3.6%	4.0%	1.7%
Experience losses on scheme liabilities:			
Amount (£m)	(0.9)	(1.2)	4.3
Percentage of the present value of the scheme liabilities	(0.3%)	(0.4%)	1.4%
Total amount recognised in Statement of Total Recognised Gains and Losses:			
Amount (£m)	(0.9)	(0.6)	(1.2)
Percentage of the present value of the scheme liabilities	(0.3%)	(0.2%)	(0.4%)

For the VMLPP, the whole assets and liabilities (not just those relating to Vauxhall Motors Limited) updated to 31 December 2004 on the assumptions above were as follows:

	<b>VMLPP</b>	
	<b>2004</b>	<b>2003</b>
	<b>£m</b>	<b>£m</b>
Assets	912.2	842.0
Liabilities	(1,328.8)	(1,223.1)
Deficit in scheme	<u>(416.6)</u>	<u>(381.1)</u>

The combined deficit across the three schemes is £385.4m (2003 - £356.0m).

#### **23. ULTIMATE PARENT COMPANY**

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 controlling entity of the Company is VHC Sub-Holdings (UK), a company registered 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 are filed with the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

#### **24. RELATED PARTY DISCLOSURES**

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

## **VAUXHALL MOTORS LIMITED**

### **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2004**

#### **24. RELATED PARTY DISCLOSURES (continued)**

- (a) On 31 December 1991 the Company entered into a sale and leaseback transaction with the Vauxhall Motors Limited Pension Plan (the Pension Plan) involving a property owned and occupied by the Company.

This involved the sale of the freehold of the property for £5.8 million. A condition of sale was that the Pension Plan could not sell or let the property to anyone other than the Company without the Company first having the choice of buying the property under the same terms and conditions. The Company simultaneously entered into an agreement to lease the property from the Pension Plan for fifteen years at an annual rental of £0.8 million.

The Pension Plan holds the option to require the Company to repurchase the property at the end of each five-year period of the lease at the higher of the market value at that time and the initial purchase price.

At 31 December 2004, there was £0.8 million outstanding relating to the current or prior years' rental (2003 - £0.8 million), and the Company was committed to amounts totalling £1.5 million (2003 - £2.3 million) in respect of future years' rentals which are not provided for in these financial statements.

- (b) On 22 January 1992 the Company entered into a sale and leaseback transaction with the GM Retirees Pension Plan (the Pension Plan) involving a property owned and occupied by the Company.

This involved the sale of the leasehold of the property for £2.3 million. A condition of sale was that the Pension Plan could not sell or let the property to anyone other than the Company. The Company simultaneously entered into an agreement to lease the property from the Pension Plan for fifteen years at an annual rental of £0.3 million.

The Pension Plan holds the option to require the Company to repurchase the property at the end of each five-year period of the lease at the higher of the market value at that time and the initial purchase price.

At 31 December 2004, there was £nil outstanding relating to the current years' rental (2003 - £0.2 million), and the Company was committed to amounts totalling £0.6 million (2003 - £0.9 million) in respect of future years' rentals which are not provided for in these financial statements.