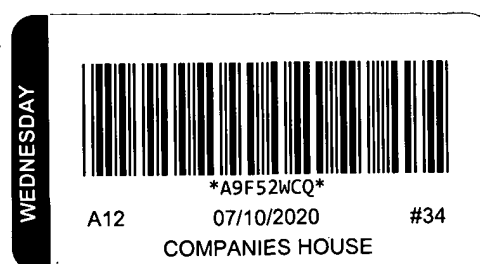


Company Registration No. 00135767

**VAUXHALL MOTORS LTD**

**Annual Report and Financial Statements**

**For the year ended 31 December 2019**



**VAUXHALL MOTORS LTD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2019**

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# **VAUXHALL MOTORS LTD**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2019**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

P Hope  
D Connell  
S Norman  
J Townsend  
X Duchemin  
M Noble  
A Morales Facerias

#### **SECRETARY**

M E Page

#### **REGISTERED OFFICE**

Chalton House UK1-101-135  
Luton Road  
Chalton  
Luton  
Bedfordshire LU4 9TT

#### **BANKERS**

Barclays Bank PLC  
London

#### **ACTUARY**

Deloitte Total Reward and Benefits Limited  
Hill House  
1 Little New Street  
London  
EC4A 3TR

#### **AUDITOR**

Mazars LLP  
Statutory Auditor  
Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

## STRATEGIC REPORT

### PRINCIPAL ACTIVITIES

The Company manufactures, markets and services Vauxhall branded passenger cars and light commercial vehicles (LCV) and supplies vehicles to other Peugeot S.A. ("PSA") group companies in Europe, which are sold under the Opel brand. The Company's vehicle and component manufacturing activities are located at Ellesmere Port, Cheshire where the Astra is produced. The Company's sales and marketing activities, as well as corporate headquarters' functions are located in Luton at Chalton House. The after-sales parts warehouse is situated at Toddington Road in Luton.

The Company is an integral part of the European operations of PSA, with all aspects of vehicle design and production co-ordinated across Europe, providing each market with a full model range for sale whilst providing economies of scale in manufacturing. The Company has entered into a contract manufacture and supply agreement with a fellow subsidiary of PSA, the effect of which is to provide guaranteed manufacturing and selling margins to the Company for the duration of the agreement.

### BUSINESS REVIEW

Total UK Passenger Car sales in the year ended 31 December 2019 were 159,986 cars (year ended 31 December 2018: 177,298 cars) with a market share of 6.9%, a decrease 0.6%. For the year ended 31 December 2019, the total UK passenger car market reported a decrease of 2.4% (year ended 31 December 2018: 6.8% decrease).

Within the UK, Vauxhall's share of the retail car market for the year was 6.4% (year ended 31 December 2018: 6.6%) and retail volume decreased by 4,096 units compared to 2018. Fleet car market share was 7.3% (year ended 31 December 2018: 8.3%) with volume decreasing by 13,216 units compared to 2018.

Corsa and Corsa-e won the prestigious AutoBest 'Best Buy Car of Europe 2020'. JD Power honoured both Mokka X and Insignia as the most dependable vehicles in their class. Insignia also won awards from the like of Auto Express and Company Car Today. Vauxhall's light commercial vehicle (LCV) sales were buoyed by 20 top award wins across the range from the likes of Auto Express, What Van? and Parkers.

Vauxhall's total light commercial vehicle market share increased from 7.74% for the year ended 31 December 2018 to 9.64% for the year ended 31 December 2019; sales volume increased by 7,752 units compared to 2018 in a market which reported a 2.24% overall increase.

Total production volume at Ellesmere Port for the period decreased to 61,725 units (year ended 31 December 2018: 76,963 units) due to reduced demand. Exports amounted to 62,255 units for the period (year ended 31 December 2018: 76,723 units).

### FINANCIAL REVIEW

Operating profit increased from £70.5 million in the year ended 31 December 2018 to £70.7 million in the year ended 31 December 2019.

The Company reported profit before tax in the year ended 31 December 2019 of £65.5 million (year ended 31 December 2018: £65.9 million). The current period includes £4.8 million of costs associated with the Company's voluntary redundancy programme.

Excluding voluntary redundancy costs, distribution costs and administrative expenses decreased to a total of £100.7 million from a total of £115.4 million in the year ended 31 December 2019. Net interest payable reduced to £0.6 million from £4.8 million in the previous year.

During the period the Directors have reviewed the amount of deferred tax asset expected to be recovered based upon the forecast timing and level of future taxable profits. As a result of this review, the Directors have recognised a deferred tax charge of £4.2 million in profit and loss, as well as eliminating deferred tax assets relating to the Company's pension scheme recorded through other comprehensive income of £6.4 million.

**STRATEGIC REPORT continued**

**FINANCIAL REVIEW continued**

Tangible fixed assets decreased by £39.2 million from £261.9 million at 31 December 2018 to £227.7 million at 31 December 2019, principally due to total depreciation charged during the year of £51.2 million and additions of £15.8 million.

Current assets increased by £102.3 million from £459.6 million at 31 December 2018 to £561.9 million at 31 December 2019 due to a £50.8 million decrease in stocks and a £141.9 million increase in debtors offset by a £11.2 million increase in cash at bank and in hand. Current liabilities increased by £2.7 million from £908.9 million at 31 December 2018 to £911.6 million at 31 December 2019. This principally reflects an increase in amounts owed to group undertakings of £116.9 million offset by a decrease in trade creditors of £12.5 million, a £6.4 million increase in accruals and deferred income and a £33.5 million decrease in creditors for taxation and social security.

Net liabilities excluding net pension liabilities decreased by £67.7 million to £260.5 million (31 December 2018: £328.2 million) resulting from the changes described above. As detailed in note 18, the net pension liability decreased by £36.0 million to £125.7 million.

**FUTURE DEVELOPMENTS**

2020 sees the launch of all new models including Corsa-e, Vivaro-e (LCV and Life MPV models) and the Grandland X plug-in hybrid electric range. The new Insignia will also launch, as well the successor to the best-selling Mokka X – which will feature a fully electric version for the very first time.

The Directors do not anticipate any significant changes in the activity level of the Company in the coming year.

**EMPLOYEE CONSULTATION**

The Company regularly communicates details of business performance with employees throughout the year. The Company continues to provide updates related to the PACE! Plan, designed to enhance profitability and competitiveness.

**FINANCIAL RISK MANAGEMENT**

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The Directors' consideration of liquidity risk and the application of the going concern assumption in preparing these financial statements is set out in Note 1 to the financial statements.

The most important components of financial risk are liquidity risk, cash flow risk, interest rate risk, currency risk and price risk. These financial risks are managed by the treasury function of Opel Automobile GmbH ("Opel") which provides the Company's inter-company funding. A risk management control system is utilised to monitor the strategies, risks and any related hedge positions, in accordance with approved policies and procedures.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The following comprises a summary of what the Directors believe are the main risks to which the Company is exposed, which could adversely affect the business, results of operations, cash flow, financial condition, turnover, profits, assets, liquidity and capital resources of the Company.

- The Company is reliant on funding from the European treasury operations of Opel. Current funding agreements between Opel and the Company have no maturity date, but are subject to termination on 30 days' notice. To meet its liquidity needs Opel is itself reliant on a revolving credit facility with no maturity date but which can be terminated on 30 days' notice or immediately in the event of a breach of the agreement, from a subsidiary of PSA. To the extent that the Opel group, including the Company, does not remain within its borrowing limits, or generate sufficient funds to enable repayment of the revolving credit facility over this period, it will require additional financing to continue in operations. This exposes the Company to liquidity risk, as there is no certainty that such additional financing will be forthcoming. The directors continue to monitor and manage this risk through timely discussions with PSA with respect to the Company's liquidity position and borrowing requirements.

**STRATEGIC REPORT continued**

**PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

- The Company operates in a competitive industry with relatively high fixed costs and where demand for vehicles has remained subdued. To offset fixed costs, competitors could attempt to sell more vehicles by, for instance, reducing vehicle prices or adding enhancements. If the Company does not continue to compete effectively by developing its products and responding to the activities of its competitors, it could lose customers.
- The Company's suppliers provide systems, components and parts needed to manufacture automotive products and operate the business. Any failure of suppliers due to current economic or other conditions could result in operational disruptions and have a material adverse effect on its business, results of operations, cash flow and financial condition. Attempts by suppliers to increase their prices, pass through increased costs, alter payment terms or seek other relief may result in increases in the Company's costs, create challenges to meeting quality objectives and in some cases make it difficult for the Company to continue production. To the extent the Company takes steps in such cases to help key suppliers remain in business, liquidity would be adversely affected. It may also be difficult to find a replacement for certain suppliers without significant delay.
- Breaches of environmental, health and safety and other laws and regulations could restrict the Company's activities, expose it to liability, increase costs and have an adverse effect on results of operations, cash flow and its financial condition.
- The Company's defined benefit pension scheme, VML 2017 Pension Plan, is currently in deficit and current economic conditions which affect the returns earned on plan assets remain uncertain. Increases in funding from the Company required to make good the deficit could adversely affect cash flow and the financial condition of the Company.
- The loss of a significant number of key personnel could adversely affect the Company's results of operations, cash flow and financial condition.
- On 23 June 2016, a referendum in the United Kingdom returned a result in favour of leaving the European Union (commonly referred to as 'Brexit') by a margin of 52% to 48%. Since this date, Brexit negotiations between the United Kingdom (UK) and the European Union (EU) continued throughout 2018 and 2019. The UK formally left the EU on 31 January 2020 and entered a 11 month transition period that is due to end on 31 December 2020 giving both sides some space while a new trade agreement is negotiated. Until the nature of the future relationship with the EU and the outcome of the trade negotiations have been confirmed the full impact of Brexit withdrawal remains unclear. This will create additional risk and uncertainty for IBC Vehicles LTD as the impact on the costs of imports and the possibility of border delays and increased administration is not yet known.

**COVID-19**

- Between the end of the accounting year on 31 December 2019 and the date, these financial statements were approved by the board of directors, the worldwide coronavirus pandemic (COVID-19) had developed. From mid-March 2020, the trading and activities of the Company have been significantly impacted by COVID-19. COVID-19 has resulted in a decrease in car production and negative financial results due to the halt of production and manufacturer of the Vauxhall Astra. The number of export vehicles has also reduced dramatically. In April 20, car sales have plunged 97% and new registrations have dropped 44% from last year for the automotive industry. Output in the domestic market fell by 36% in and exports have been down 38% since the COVID-19 crisis. The UK car market bounced back strongly in July 20, following the severe downturn in sales cause by the COVID-19 pandemic however, total sales for the year are still down by more than 40%. This is a significant improvement from June 20 which saw a 34.9% drop in registrations.
- The Company responded promptly to this situation by closing facilities in both recognition of reduced demand and to protect employees. Employees have been successfully working from home during the COVID-19 crisis to maintain the Company's operations. Vauxhall Motors Ltd has also taken advantage of

**STRATEGIC REPORT continued**

the government's Coronavirus Job Retention Scheme (CJRS), paying 80% of employees' salaries for workers placed on furlough leave. The Company has also taken advantage of the VAT and tax deferrals government incentives schemes.

- As a priority for the Company, Health and Safety Protocols have been developed with medical experts and in line with Government advice. The Company facilities have now had COVID-19 measures implemented to ensure they are safe for employees and that status has been successfully audited. The Company has developed alternative strategies for on-line selling and safe delivery methods, embracing the necessary "social distancing" protocols, to be able to take maximum advantage trading in this very different and challenging environment.

**Section 172 statement - Statement by the directors in performance of their statutory duties in accordance with s172 (1) Companies Act 2006**

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties as detailed in Section 172 of the Companies Act 2006. This is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the company.

The board of directors ("the Board") of Vauxhall Motors Limited consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole in decisions taken during the year-ending 31 December 2019.

In making this assessment, the Board considers the matters on the following page to be of particular relevance:

The directors have identified the following as key stakeholder in the business: employees, suppliers, customers, the community and the environment. These are discussed in more detail in the below table:

STRATEGIC REPORT continued

Section 172 requirement	Examples of how the Board's discussions and decision making have taken this into account
(a) the likely consequences of any decision in the long term;	Investing in significant transformation of the aftersales distribution with the integration of Vauxhall parts supply now added to the existing "Distrigo" distribution, focusing attention on every line of expense to ensure maximum return to our shareholders.
(b) the interests of the Company's employees;	<p>Emphasis of employee personal development and training using on-line courses provided by The PSA university;</p> <p>Engaging in regular employee surveys to assess employee engagement and well-being;</p> <p>The implementation of a range of talent development programmes to encourage the realisation of the potential of our workforce.</p> <p>Regular meetings and consultation with the Trade Union and Employee Forum representatives to retain constant two-way flow of communication.</p> <p>Regular performance appraisals with staff to ensure objectives are met.</p> <p>The Company continues to regard the training and development of all its employees as a high priority and in the past year has continued its support of a range of activities to support building capability. It also expanded its Talent and Development strategy as well as the solutions offered.</p> <p>The UK Group continued its recruitment of Industrial Placement students, Graduates and Business Apprentices. The programmes include placements in various business functions, including those within the Company. The industrial placement and graduate trainees follow a structured development programme with a focus on personal development of key skills and behaviours to support their time within the Company and higher education. This includes use of blended learning solutions as well as mentoring by senior managers.</p>
(c) the need to foster the Company's business relationships with suppliers, customers and others;	<p>Vauxhall Franchise Board meetings are held monthly to engage our network with forthcoming product launches and share our medium to long-term plans;</p> <p>New product launches are attended by our customers;</p> <p>Our own Training Academy provides continuous support to our dealership network. The Company is also part of the Groupe PSA supplier management processes, which include awards to recognise and celebrate excellence in our supply chain.</p>
(d) the impact of the Company's operations on the community and the environment;	The Board is very aware of its importance in the community as a large employer in the local area; engaging with local schools and colleges in the promotion of STEM activities and manufacturing



STRATEGIC REPORT continued

	<p>careers. The Company has also promoted the importance of diversity in engineering and specifically focused on women in engineering.</p> <p>The Company's environmental policies recognise the protection of the environment and natural resources as one of the principal business responsibilities. Actions to ensure compliance with relevant legislation and the continuous improvement of environmental performance are an integral part of those policies</p> <p>In 2019, the Company invested in electric vehicle charging points across its sites and used the results of the ESOS energy audits to inform the environmental impact it has and how to reduce it.</p>
(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and	<p>The Board is committed to complying with all applicable regulations and requires every employee to agree to the Code of Conduct rules issued by Groupe PSA. A strong compliance culture is encouraged with annual reviews of Conflict of Interest and Code of Conduct rules. The Company has also invested in strengthened GDPR activities to educate and inform the workforce on the importance of this topic.</p>
(f) the need to act fairly as between members of the Company.	<p>The Company is a 100% owned subsidiary of Groupe PSA and regularly engages with its parent company to ensure Company plans are fully aligned with those of the Group. This will include Group approval of annual budgets, medium term plans and new product launches.</p>

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



Alberto Morales Facerias

Director

25 09 2020

# **VAUXHALL MOTORS LTD**

## **DIRECTORS' REPORT**

The Directors of Vauxhall Motors Limited ("the Company") present their annual report together with the audited financial statements and independent auditor's report for the year ended 31 December 2019.

### **GOING CONCERN**

After review, the Directors continue to adopt the going concern basis in preparing the financial statements. Please refer to note 1 to the financial statements.

### **DIVIDENDS**

No dividends were paid during the year ended 31 December 2019 (year ended 31 December 2018: £nil). No final dividend is proposed for the year ended 31 December 2019 (year ended 31 December 2018: £nil).

### **EMPLOYEE POLICIES**

The Company operates an Equality Policy that is applied to all employees, contractors and agencies working for the Company. Current human resources policies are available for all employees to view on the Company intranet site. Quarterly consultation meetings, covering hourly and staff employee groups, are held with Unite the Union in order to review operational issues and human resources policies and procedures, as required.

### **EMPLOYMENT OF DISABLED PERSONS**

The Company actively employs disabled persons making reasonable adjustments where necessary. Employees who become disabled are given every opportunity and assistance to continue in their employment or to be trained for other suitable positions.

### **STRATEGIC REPORT**

Future developments and financial risks are addressed in the Strategic Report on page 3.

### **DIRECTORS' INDEMNITIES**

The Company maintains insurance in respect of the Directors and officers against any such liabilities as are referred to in Section 232 of the Companies Act 2006.

### **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 subsequently:

M Wright	resigned 8 November 2019
J Highnam	resigned 30 April 2020
P Fourniol	resigned 31 March 2020
A Facérias	appointed 15 May 2020

The Directors had no interests at any time during the period in the shares of the Company, or any other company within the United Kingdom group.

# **VAUXHALL MOTORS LTD**

## **DIRECTORS' REPORT continued**

### **AUDITOR**

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who is a Director at the date of approval of this report confirms that:

(1) so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware; and

(2) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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



Alberto Morales Facerias

Director

25 09 2020

**STATEMENT OF DIRECTORS RESPONSIBILITIES**

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these 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 UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VAUXHALL MOTORS LIMITED**

**Opinion**

We have audited the financial statements of Vauxhall Motors Limited (the 'company') for the year ended 31 December 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements**

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 4 & 5, and the consideration in the going concern basis of preparation on page 18 & 19 and the non- adjusting post balance sheet events on page 39.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company trade, customers, suppliers and the wider economy.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VAUXHALL MOTORS LIMITED**

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VAUXHALL MOTORS LIMITED**

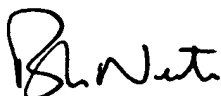
**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of the audit report**

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.



**Robert Neate (Senior Statutory Auditor) for and on behalf of Mazars LLP**

**Chartered Accountants and Statutory Auditor**

Tower Bridge House

St Katharine's Way

London

E1W 1DD

Date: 1 October 2020

**VAUXHALL MOTORS LTD**

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2019**

	Note	Year ended 31 Dec 19 £m	Year ended 31 Dec 18 £m
<b>TURNOVER</b>	2	3,162.8	3,430.8
Cost of sales		(2,986.6)	(3,206.7)
<b>GROSS PROFIT</b>		176.2	224.1
Distribution costs		(97.8)	(105.2)
Administrative expenses, including voluntary redundancy costs of £4.8m (2017: £38.2m)		(7.7)	(48.4)
<b>OPERATING PROFIT</b>	3	70.7	70.5
Profit on disposal of dealership investments	11	-	4.3
Net interest payable	4	(0.6)	(4.8)
Other finance charges	18	(4.6)	(4.1)
<b>PROFIT BEFORE TAXATION</b>		65.5	65.9
Tax (charge)/credit on profit	5	(6.0)	5.4
<b>PROFIT FOR THE FINANCIAL YEAR</b>		59.5	71.3

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



**VAUXHALL MOTORS LTD**

**STATEMENT OF COMPREHENSIVE INCOME**  
**Year ended 31 December 2019**

	<b>Year ended 31 Dec 19 £m</b>	<b>Year ended 31 Dec 18 £m</b>
Profit for the financial year	59.5	71.3
Other comprehensive income:		
Actuarial gain recognised on the pension scheme (note 18)	37.4	12.7
Movement on deferred tax relating to pension deficit (note 17)	(6.4)	(2.2)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>90.5</b>	<b>81.8</b>

# VAUXHALL MOTORS LTD

## BALANCE SHEET

Year ended 31 December 2019

	Note	31 Dec 19 £m	31 Dec 18 £m
<b>FIXED ASSETS</b>			
Tangible assets			
- Land, buildings, plant, machinery and equipment	9	80.7	80.1
- Special tools, jigs and dies	10	140.1	179.7
Investments	11	1.9	2.1
		<u>222.7</u>	<u>261.9</u>
<b>CURRENT ASSETS</b>			
Stocks	12	293.3	344.1
Debtors			
-due within one year	13	210.9	66.4
-due after one year	13	24.9	27.5
Cash at bank and in hand		32.8	21.6
		<u>561.9</u>	<u>459.6</u>
<b>CREDITORS:</b>			
Amounts falling due within one year	14	(911.6)	(908.9)
<b>NET CURRENT LIABILITIES</b>		<u>(349.7)</u>	<u>(449.3)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(127.0)</u>	<u>(187.4)</u>
<b>CREDITORS:</b>			
Amounts falling due after more than one year	15	(1.0)	(1.8)
<b>PROVISIONS FOR LIABILITIES</b>	16	(132.5)	(139.0)
<b>NET LIABILITIES EXCLUDING NET PENSION LIABILITY</b>		<u>(260.5)</u>	<u>(328.2)</u>
<b>NET PENSION SCHEME LIABILITY</b>	18	(125.7)	(161.7)
<b>NET LIABILITIES INCLUDING NET PENSION LIABILITY</b>		<u>(386.2)</u>	<u>(489.9)</u>
<b>CAPITAL AND RESERVES</b>	19		
Called up share capital		861.6	848.5
Capital reserve		20.1	20.1
Share-based payments reserve		0.2	0.1
Profit and loss account		(1,268.1)	(1,358.6)
<b>SHAREHOLDERS' DEFICIT</b>		<u>(386.2)</u>	<u>(489.9)</u>

These financial statements were approved by the Board of Directors on 25 09 2020 and are signed on its behalf by:



Alberto Morales Facerias  
Director

**VAUXHALL MOTORS LTD**

**STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 December 2019**

	Called up share capital £m	Capital reserve £m	Share- based payment reserve £m	Profit and loss account £m	Total £m
<b>At 31 December 2017</b>	<b>848.5</b>	<b>20.1</b>	<b>-</b>	<b>(1,440.4)</b>	<b>(571.8)</b>
Profit for the financial year	-	-	-	71.3	71.3
Actuarial gain on defined benefit pension schemes	-	-	-	12.7	12.7
Movement on deferred tax relating to pension deficit	-	-	-	(2.2)	(2.2)
Total comprehensive income	-	-	-	81.8	81.8
Capital contribution - pension transfers (note 18)	-	-	-	-	-
Movement in share-based payments reserve	-	-	0.1	-	0.1
Transfer from share-based payment reserve	-	-	-	-	-
<b>At 31 December 2018</b>	<b>848.5</b>	<b>20.1</b>	<b>0.1</b>	<b>(1,358.6)</b>	<b>(489.9)</b>
Profit for the financial year	-	-	-	59.5	59.5
Actuarial gain on defined benefit pension schemes	-	-	-	37.4	37.4
Movement on deferred tax relating to pension deficit	-	-	-	(6.4)	(6.4)
Total comprehensive income	-	-	-	90.5	90.5
Movement in share-based payments reserve	-	-	0.1	-	0.1
Share Issue (note 19)	13.1	-	-	-	13.1
<b>At 31 December 2019</b>	<b>861.6</b>	<b>20.1</b>	<b>0.2</b>	<b>(1,268.1)</b>	<b>(386.2)</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2019**

**1. ACCOUNTING POLICIES**

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

**General information and basis of accounting**

Vauxhall Motors Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England and Wales.

The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements are prepared under the historical cost convention in conformity with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it under Section 1 paragraph 12. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, remuneration of key management personnel, and disclosure of intra-group related party transactions. The parent of the group in whose consolidated financial statements the Company's financial statements are included is Peugeot S.A. and its financial statements are readily available as set out in note 21.

**Going concern**

The Company's balance sheet at 31 December 2019 shows that the Company had net current liabilities of £349.7 million and net liabilities of £386.2 million.

The Company is reliant on funding from the European treasury operations of Opel Automobile GmbH ("Opel"). To meet its liquidity needs Opel is itself reliant on a revolving credit facility from a subsidiary of Peugeot S.A. ("PSA"). Current funding agreements between Opel and the Company have no maturity date, but are subject to termination on 30 days' notice. The Directors anticipate that funding will continue to be made available on similar terms and Opel has indicated its willingness to continue to provide financial support to the Company for a period of at least 12 months from the date of these financial statements.

The Directors are satisfied that, as at the date of approval of these financial statements, having made appropriate enquiries of management of PSA, the Company will remain within its borrowing limits for a period of not less than 12 months from the date of approval of these financial statements and that such borrowings will continue to be made available to the Company, and thus that the Company will continue to meet its liabilities as they fall due.

Accordingly the Directors continue to adopt the going concern basis in preparing the financial statements.

**Going concern – COVID-19**

Since the COVID-19 pandemic spread in the UK from late January 2020 this has led to major impacts on the automotive industry with major manufacturers being totally shut down following the directives issued by local government. Vauxhall's Ellesmere Port factory, where the Astra is built for the UK and Europe, stopped its production on March 17 2020. This has significantly affected all of our production means, our supply chains and our commercial activities and other consequences in operations management. This event does not however call into question the hypothesis of the accounts closing for the financial year ended 31 December 2019 according to the principle of going concern.

Vauxhall Motors Ltd have been running with minimal staff to keep personnel safe and have taken advantage of the government's Coronavirus Job Retention Scheme (CJRS). The government will make a grant to UK employers to cover up to 80 per cent of the wages of employees whom they continue to pay but who would otherwise have been laid off because of the coronavirus (COVID-19) crisis. This is

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2019**

to safeguard jobs and avoid redundancies. 95% of Ellesmere Port, 61 % of Luton Central office and 72% of Toddington employees have been put on this government furlough scheme.

On 12 May 2020, the government announced an extension to the CJRS until Oct 2020.

The directors have assessed the impact and Vauxhall Motors Ltd will continue to operate with continued support from the Group. Preparations are being made for the safe reopening of the factory. New safety protocols are being developed in order to return to work and re-start production following government guidance.

**Consolidated accounts**

Consolidated accounts have not been prepared because the Company's results are consolidated in the publicly available accounts of Peugeot S.A., a company registered in France, which prepares consolidated financial statements. Accordingly, these financial statements represent information about the Company as an individual undertaking and not about its group.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2019**

**1. ACCOUNTING POLICIES continued**

**Tangible fixed assets**

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Fixed assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Freehold land and assets in the course of construction are not depreciated. The cost, less estimated residual value, of other fixed assets is depreciated by equal monthly instalments over the expected useful lives of the assets as follows:

Freehold improvements and buildings	20 – 40 years
Plant, machinery and equipment	3 – 25 years

**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.

**Investments**

Investments are stated at cost less any provision for impairment.

**Fixed asset and special tool leasing**

For operating leases, the annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease even if the payments are not made on such a basis. Benefits receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

**Leases**

Rentals in respect of operating leases are charged to the profit and loss account in equal annual instalments over the lease term.

**Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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.

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.

**Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities are initially recorded at transaction price, including transaction costs, unless the arrangement constitutes a financing transaction. The Company's financial assets and liabilities are payable or receivable within one year and are subsequently measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of any impairment.

Financial assets are derecognised only where the contractual rights to the cash flows from the asset expire or are settled; or if the Company transfers the financial asset and substantially all the risks and rewards of

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2019**

**1. ACCOUNTING POLICIES continued**

ownership of the asset to another entity; or the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

**Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value.

Cost is based either on the 'first in – first out' basis, or on a weighted average basis, and includes material, labour and appropriate overheads. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

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 account.

**Warranty liability on Company products**

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Provision is made for the estimated liability on all products under warranty, restructuring and buybacks.

**Termination payments**

The Company immediately records termination payments as a liability and an expense on the basis of an irrevocable detailed formal plan. Amounts are measured at the best estimate of the expenditure required to settle the obligation at the reporting date, which for offers made to encourage voluntary redundancy may include expectations of numbers of employees accepting the offer.

**Pension costs**

The Company paid contributions to the VML 2017 Pension Plan ("VML 2017 Plan") during the year. The VML 2017 Plan is of the "defined benefit" type where pensions are determined by an employee's earnings level at retirement and length of service. The assets of the plan are held in trustee-administered funds and are completely separate from the assets of the Company.

Other companies in the PSA group of companies participate in the VML 2017 Plan. The Company is legally responsible for the VML 2017 Plan. There is no contractual agreement or stated policy for charging the costs of the defined benefit plan as a whole to other participating employers.

Defined benefit schemes are funded, with the assets of the schemes held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2019**

**1. ACCOUNTING POLICIES continued**

**Pension costs continued**

In accordance with FRS 102 the fair value of the pension scheme is reported in the balance sheet of the Company. The movements in the fair value of the scheme are reflected in the performance statements. The current service cost, being the costs of benefits accrued in the reporting period and variations to past service benefits, being the cost or gain of any benefit improvements or reductions that affect past service are recognised within operating costs.

The net interest cost on the net defined benefit liability is charged or credited to the profit and loss account as other finance charges or income.

**Turnover**

Turnover is recognised under an exchange contract with a customer, when, and to the extent that, the Company obtains the right to consideration in exchange for its performance.

Turnover 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. Such agreements are less than one year in duration. If the substance of the transaction indicates that the company 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. In such cases the company does not recognise turnover on the initial sale and the vehicles are retained within stock, with a creditor being recognised for the contracted buyback price. Income under such agreements, measured as the difference between the initial sale price and the buyback price, is credited on a straight-line basis over the term of the agreement, with a corresponding cost recognised over the term of the agreement based on the difference between vehicle cost, including estimated costs of resale, and the expected net realisable value.

**Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period.

The areas involving key sources of estimation uncertainty are described below:

*Pension obligations*

The Company has a commitment to pay pension benefits to the members of the VML 2017 Plan over the long-term. The accounting cost of these benefits and the present value of the pension liabilities depend on such factors as the life expectancy of the members, price inflation and the discount rate used to calculate the net present value of the future pension payments. The Company uses estimates for these factors in determining the pension costs and liabilities incorporated into the financial statements. The assumptions reflect historical experience and the Company's judgement regarding future expectations.

The value of the net pension obligation at 31 December 2019 and the key financial assumptions used to measure the obligation are disclosed in note 18.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

*Deferred tax*

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits with an assessment of the effect of future tax planning strategies.

The deferred tax asset is based on future forecasts however the current COVID-19 crisis this has additional uncertainty to the future taxable profits and future projections.

**2. TURNOVER**

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

	Year ended 31 Dec 19 £m	Year ended 31 Dec 18 £m
Geographical analysis of turnover by destination:		
United Kingdom	2,298.0	2,385.7
Rest of Europe	864.8	1,045.1
	<u>3,162.8</u>	<u>3,430.8</u>

A geographical analysis of profit before tax has not been given as in the opinion of the Directors this would be prejudicial to the interests of the Company

	Year ended 31 Dec 19 £m	Year ended 31 Dec 18 £m
An analysis of the Company's revenue is as follows:		
Sale of goods	3,162.8	3,430.8
Interest income	0.5	0.3
	<u>3,163.3</u>	<u>3,431.1</u>
Revenue		

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

3. OPERATING PROFIT

	Year ended 31 Dec 19 £m	Year ended 31 Dec 18 £m
<b>Operating profit is arrived at after charging/(crediting)</b>		
Depreciation of land, building, plant machinery and equipment	6.6	6.0
Depreciation of special tools, jigs and dies	44.6	45.9
Cost of inventory recognised as an expense	2,801.0	3,068.4
Impairment loss on inventory	0.7	0.9
Foreign exchange gain	(2.9)	4.8
<u>Rentals under operating leases</u>		
- hire of plant and machinery	0.3	0.4
- other operating leases	4.5	3.2
Sub lease rental income	(3.4)	(3.0)
Loss on disposal of fixed assets	0.5	(2.5)
<u>Auditor's remuneration:</u>		
Fees payable to the Company's auditor for the audit of the Company's accounts for the year	0.3	0.3

Impairment losses on inventory are included in cost of sales.

As a part of PSA Group's PACE! Plan, further voluntary separations programmes were implemented during the year relating to Ellesmere Port factory employees and certain employees at the corporate headquarters in Luton not relocating to a PSA location in Coventry. In 2019 the total amount charged to the profit and loss account within administrative expenses was £4.8 million (2018: £38.2 million).

4. NET INTEREST PAYABLE

	Year ended 31 Dec 19 £m	Year ended 31 Dec 18 £m
<b>Interest payable</b>		
- loans from group undertakings	(1.1)	(5.1)
Total interest payable	(1.1)	(5.1)
<b>Interest receivable</b>		
- loans to group undertakings	0.4	0.2
- other	0.1	0.1
Total interest receivable	0.5	0.3
Net interest payable	(0.6)	(4.8)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

5. TAX (CHARGE)/CREDIT

	Year ended 31 Dec 19 £m	Year ended 31 Dec 18 £m
Current tax:		
UK corporation tax at 19% (year ended 31 December 2018: 19%)	(2.1)	(2.2)
Adjustment in respect of prior periods	0.3	3.9
	(1.7)	1.7
Deferred tax (note 17)	(4.2)	3.7
Total tax	(5.9)	5.4

The tax assessed for the year differs to that resulting from applying the standard rate of corporation tax in the UK of 19% (year ended 31 December 2018: 19%).

The differences are explained below:

	Year ended 31 Dec 19 £m	Year ended 31 Dec 18 £m
Profit before tax	65.5	65.9
Tax at UK rate of 19% (year ended 31 December 2017: 19.25%) thereon	(12.4)	(12.5)
Effects of:		
Permanent expenses deductible for tax purposes	(0.2)	(0.6)
Prior period adjustments	0.3	3.9
Current year impact of rate change	1.1	-
Deferred tax not recognised	5.3	14.6
Total tax charge	(5.9)	5.4

As per current UK corporate tax law, the UK corporation tax rate was reduced to 19% from 1 April 2017.

A reduction in the UK corporation tax rate to 17% from 1 April 2020 was substantively enacted in the Finance Act 2016. The 2020 Budget announced that the planned reduction will now not take place and the rate will be maintained at 19%. As this had not been substantively enacted at the Balance Sheet date, it is not effective in these financial statements and deferred tax has been recognised at a rate of 17%.

There is no expiry date on timing differences or unused tax losses.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

## 6. EMPLOYEES

	Year ended 31 Dec 19 No.	Year ended 31 Dec 18 No.
a. Average monthly number including executive directors:		
Salaried	756	765
Hourly	1,188	1,261
	<u>1,944</u>	<u>2,026</u>
		<b>£m</b>
b. Costs		
Wages and salaries	83.2	103.6
Social security costs	7.1	8.1
Pension costs (note 18)	25.1	27.7
	<u>115.4</u>	<u>139.4</u>

The above costs do not include the termination benefits disclosed in note 3 arising from the voluntary separation programme of £4.8 million or the associated additional termination pension costs of £11.1 million (2018: £10.4million).

## 7. EMOLUMENTS OF DIRECTORS

	Year ended 31 Dec 19 £'000	Year ended 31 Dec 18 £'000
Directors' emoluments	1,661.2	1,422.8
Gains made by directors on the exercise of share options	-	-
Aggregate of contributions paid in respect of money purchase pension schemes	<u>26.3</u>	<u>22.4</u>
Number of Directors who received, or became eligible to receive, shares during the year (*includes highest paid Director)	<u>5*</u>	<u>7*</u>
	<b>No.</b>	<b>No.</b>
Number of Directors who are members of a money purchase pension scheme	4	4
Number of Directors who are members of a defined benefit pension scheme	4	7
	<u>£'000</u>	<u>£'000</u>
In respect of the highest paid Director:		
Aggregate emoluments	235.4	296.4
Contributions paid in respect of a money purchase pension scheme	6.7	-
Annual pension accrued under a defined benefit pension scheme	-	34.3

The emoluments of certain Directors, including those of the highest paid Director, have been apportioned between the PSA group companies of which they are Directors. Also included within the above no directors exercised share options in the year (year ended 31 December 2018: Nil).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

8. SHARE-BASED PAYMENTS

Vauxhall Motors Limited's incentive scheme awards outstanding at 31 December 2019 consists of awards granted under the Performance Share Award Plan for 2018 ("Plan LTI 2018") which awards Performance Shares ("PSU"s). The Plan LTI 2018 is administered by the Management Board of Peugeot S.A. ("PSA"). Under the Plan LTI 2018, awards granted become non-forfeitable following defined service periods from the date of grant. The service periods are respectively three years and four years for each half of an award granted. The cost of new grants of PSUs is based on the fair EUR value of Peugeot S.A. common stock on the date of grant.

Details of the RSUs, PSUs and Options outstanding at the end of each year are as follows:

	Year ended 31 December 2019		Year ended 31 December 2018	
	Plan LTI 2018 PSUs		Plan LTI 2018 PSUs	
	Number (‘000)	Weighted average price (£)	Number (‘000)	Weighted average price (£)
Outstanding at beginning of the year	11.5	16.57	-	-
Granted during the year	34.5	15.53	11.5	16.10
Vested	-	-	-	-
Exercised	-	-	-	-
Eliminated	-	-	-	-
Outstanding at the end of the year	46.0	15.14	11.5	16.57

The awards outstanding at 31 December 2019 had a weighted average remaining contractual life of 2.6 years (year ended 31 December 2018: 2.8 years). Awards were made on 20 May 2019 (year ended 31 December 2018: 9 April 18) and the aggregate of the estimated fair values of the awards made is £0.5 million (year ended 31 December 2018: £0.2 million) all of which in both periods relates to Directors. The Company recognises these amounts as total expenses related to equity-settled share-based payment transactions. The charge recorded for the year ended 31 December 2019 was £0.2 million (year ended 31 December 2018: £0.1 million).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

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

	Freehold land and buildings	Long leasehold land and buildings	Plant, machinery and equipment	Assets in the course of construction	Total
	£m	£m	£m	£m	£m
<b>Cost</b>					
At 1 January 2018	414.0	9.1	433.3	3.3	859.7
Additions	0.5	-	1.6	5.1	7.2
Transfers	-	-	1.2	(1.2)	-
Disposals	(0.1)	-	(0.6)	-	(0.7)
At 31 December 2019	414.4	9.1	435.5	7.2	866.2
<b>Accumulated depreciation</b>					
At 1 January 2018	380.9	7.7	390.5	0.5	779.6
Charge for the year	1.1	0.2	5.3	-	6.6
Disposals	(0.1)	-	(0.6)	-	(0.7)
At 31 December 2019	381.9	7.9	395.2	0.5	785.5
<b>Net book value</b>					
At 31 December 2019	32.5	1.2	40.3	6.7	80.7
At 31 December 2018	33.1	1.4	42.8	2.8	80.1

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

	£m
<b>Cost</b>	
At 1 January 2018	437.4
Additions	6.3
Disposals	(2.3)
At 31 December 2019	441.4
<b>Accumulated depreciation</b>	
At 1 January 2018	257.7
Charge for the year	44.6
Disposals	(1.0)
At 31 December 2019	301.3
<b>Net book value</b>	
At 31 December 2019	140.1
At 31 December 2018	195.0

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2019**

**11. INVESTMENTS**

	31 Dec 19 £m Cost	31 Dec 18 £m Cost
Investments in dealership and other subsidiaries	0.7	0.7
Loans to dealership and other subsidiaries	0.9	1.1
Other investments	0.3	0.3
	<u>1.9</u>	<u>2.1</u>

Information in respect of movements during the year:

	Investments in Dealership & Other Subsidiaries £m	Loans to Dealership & Other Subsidiaries £m	Other Investments £m	Total £m
Balance at 31 December 2018	0.7	1.1	0.3	2.1
Redemptions and repayments	-	(0.2)	-	(0.2)
Disposals	-	-	-	-
	<u>0.7</u>	<u>0.9</u>	<u>0.3</u>	<u>1.9</u>

Information in respect of subsidiary companies:

Subsidiary Company (incorporated within the United Kingdom)	Motors Properties (Trading) Limited	Vauxhall Trade Parts Limited	Motors Properties Limited
Ordinary shares held	100%	100%	100%
Principal activities	Purchasing, selling and repairing of motor vehicles and other ancillary services	Wholesaling of automotive parts to the motor trade	Holding company
Registered Address	Citypoint, 16th Floor, One Ropemaker Street London EC2Y 9AW	Chalton House UK1-101- 135 Luton Road Chalton Luton Bedfordshire LU4 9TT	Citypoint, 16th Floor, One Ropemaker Street London EC2Y 9AW

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

12. STOCKS

	31 Dec 19 £m	31 Dec 19 £m	31 Dec 18 £m	31 Dec 18 £m
Raw materials and work in progress		52.4		35.7
Finished product:				
Motor vehicles	83.7		83.1	
Parts and accessories	19.9		24.8	
Total finished goods		103.6		107.9
Motor vehicles sold under sale and repurchase agreements		137.3		200.5
		293.3		344.1

There is no material difference between the balance sheet value of stocks and their replacement cost.

13. DEBTORS

	31 Dec 19 £m	31 Dec 18 £m
Amounts falling due within one year:		
Trade debtors	22.0	23.2
Amounts owed by parent and fellow subsidiary undertakings*	170.1	5.8
Corporation tax	-	-
Other debtors	9.2	17.7
Prepayments and accrued income	3.2	5.3
Deferred tax (see note 17)	6.4	14.4
	210.9	66.4
Amounts falling due after one year:		
Deferred tax (see note 17)	24.9	27.5
	235.8	93.9

\*The average terms for group debtors is 48 days.

The movement in deferred tax expected to occur next year is £6.4 million (2018: £14.4 million), relating to the movement of existing timing differences on fixed assets, tax losses and pensions. The remaining £24.9 million (2018: £27.5 million) will reverse after more than one year.



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2019**

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

	31 Dec 19 £m	31 Dec 18 £m
Trade creditors	165.5	178.0
Amounts owed to parent and fellow subsidiary undertakings*	299.1	182.2
Taxation and social security	9.7	43.2
Corporation tax	0.1	5.1
Group relief payable	0.1	-
Liability for repurchase of specific vehicles sold under sale and repurchase agreements	150.3	220.8
Accruals and deferred income	286.0	279.6
Other creditors	0.8	-
	<u>911.6</u>	<u>908.9</u>

\* The average terms for group creditors is 65 days.

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

	31 Dec 19 £m	31 Dec 18 £m
Deferred income	0.9	1.6
Other creditors	0.1	0.2
	<u>1.0</u>	<u>1.8</u>

**16. PROVISIONS FOR LIABILITIES**

	£m	£m	£m
	P&W	Restructuring	Buyback
At 31 December 2018	115.7		1.5
Restatement *	8.6	13.2	
Charged in the year	99.0	8.1	0.2
Utilised	(98.8)	(11.9)	(1.7)
Released		(1.4)	
<b>At 31 December 2019</b>	<b>124.5</b>	<b>8.0</b>	<b>0.0</b>

\* We have reinstated the restructuring provision that was shown in accruals last year of £13.2 million which should have been shown in the restructuring provision. Further we have reinstated £8.6 million from other creditors as this amount should have been included in the policy and warranty provision. The 31 December 2018 comparatives have been changed accordingly to reflect the correct and true provision.

The bulk of these provisions are expected to crystallise within three years.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

17. DEFERRED TAXATION

The directors have assessed that it is more likely than not that taxable profits will arise in the future and in accordance with United Kingdom Generally Accepted Accounting Practice have recognised a deferred tax asset expected to be realised over the period for which taxable profits can be reasonably forecast.

Deferred taxation provided for at 17% (2018: 17%) in the financial statements is set out below:

	Pensions deficit £m	Losses £m	Capital allowances in excess of depreciation £m	Total £m
At 31 December 2018	11.3	15.6	15.0	41.9
Movement in the year:				
Profit and loss account	9.0	(5.9)	(7.3)	(4.2)
Other comprehensive income	(6.4)	-	-	(6.4)
At 31 December 2019	<u>13.9</u>	<u>9.7</u>	<u>7.7</u>	<u>31.3</u>

£31.3 million of the total deferred tax asset has been recognised as at 31 December 2019 (2018: £41.9 million) based on likely timing and level of future taxable profits.

As at 31 December 2019 the amount of unused tax losses is £433.3 million (2018: £450.0 million) and the amount of unused research and development expenditure credit is nil (2018: £200,000). There is no expiry date on timing differences, unused tax losses or tax credits.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 18. PENSIONS

The company has paid contributions to the VML 2017 Pension Plan ("VML 2017 Plan"). The plan is a "defined benefit" type where pensions are determined by an employee's earnings level at retirement and length of service. The assets of the plan are held in trustee-administered funds and are completely separate from the assets of the Company.

The company also makes contributions to a "defined contributions" type scheme named the Vauxhall Defined Contribution Pension Plan ("VDCPP"). The VDCPP is administered by Fidelity on behalf of the Plan Trustee and its assets are held by independent managers.

#### 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.

#### Date of the most recent comprehensive actuarial valuation

Actuarial valuations for funding purposes are carried out at least every three years. The first such actuarial valuation of VML 2017 Plan is being carried out with an effective date of 1 January 2019. For accounting purposes, the Company has employed an independent actuary to carry out an annual valuation to determine the DBO and pension cost. The most recent annual accounting disclosure valuations were based on census data collected as at 31 December 2019.

#### Pension cost

The Company's total charge to operating profit for the year ended 31 December 2019 was £26.2 million (year ended 31 December 2018: £35.0 million) and relates to VML 2017 Plan and VDCPP.

The total charge relating to VDCPP alone amounted to £1.1 million (year ended 31 December 2018: £2.1 million).

#### Contributions to the Pension Plans

The Company made contributions to the plans in the year ended 31 December 2019 of £30.5 million (year ended 31 December 2018: £1.6 million). A further £3.2 million was contributed by another group company (2018: £4.9 million).

From 29 March 2019 the Company will pay additional contributions under a Schedule agreed with the Trustees of the VML 2017 Plan as follows:

For the period		
from:	to:	£'000
1 January 2019	31 December 2019	25,383.0
1 January 2020	31 December 2020	23,958.0
1 January 2021	30 September 2021	17,518.5
1 October 2021	31 December 2021	5,839.5
1 January 2022	31 December 2021	9,638.0
1 January 2023	31 December 2023	938.0

#### Financial Reporting Standard 102 "Post-employment Benefits"

Vauxhall Motors Limited is required to account for VML 2017 Plan on a defined benefit basis

The VML 2017 Plan into which the Company contributed thereafter were multi-employer schemes. In the opinion of the Directors, sufficient information was not available to use defined benefit accounting to separate out the assets and liabilities of the scheme between different group companies which contribute to it. IBC Vehicles Limited, a participating employer in both plans, was not required under either plan's Schedule of Contributions to pay contributions to fund any deficit in either scheme. Accordingly its participation in the VML 2017 Plan is accounted for on a defined contribution basis in the financial statements of IBC Vehicles Limited.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2019**

**18. PENSIONS continued**

**Employee benefit obligations**

The amounts recognised in profit or loss are as follows:

	VML 2017 Plan 31 Dec 19 £m	VML 2017 Plan 31 Dec 18 £m
Service cost in the current period	19.7	22.9
Plan introductions, changes, curtailments and settlements	-	-
Net interest on net defined benefit liability	4.6	4.1
	<hr/>	<hr/>
Defined benefit cost recognised in the profit and loss account	24.3	27.0
Administration costs incurred during the period	0.8	0.7
Cost of termination benefits (note 6)	11.1	10.4
	<hr/>	<hr/>
Cost recognised in the profit and loss account	<u>36.2</u>	<u>38.1</u>

The amount disclosed within note 6 is the total pension costs above excluding the cost of termination benefits of £11.1 million (2018: £10.4 million)

The actual return on plan assets was £1.0 million (31 December 2018: £0.1 million).

The amounts recognised in Other Comprehensive Income in respect of the defined benefit schemes are as follows:

	VML 2017 Plan 31 Dec 19 £m	VML 2017 Plan 31 Dec 18 £m
Actuarial (profit)/loss arising during the period	(30.8)	0.6
Return on plan assets greater than discount rate	(0.3)	0.2
Changes in assumption	(6.3)	(13.5)
	<hr/>	<hr/>
Remeasurement effects recognised in Other Comprehensive Income	<u>(37.4)</u>	<u>(12.7)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

18. PENSIONS continued

The total costs relating to the schemes are as follows:

	VML 2017 Plan 31 Dec 19 £m	VML 2017 Plan 31 Dec 18 £m
Cost recognised in the profit and loss account	36.2	38.1
Remeasurement effects recognised in Other Comprehensive Income	(37.4)	(12.7)
Total cost/(credit) relating to the defined benefit schemes	<u>(1.2)</u>	<u>25.4</u>

The amounts recognised in the balance sheet are as follows:

	VML 2017 Plan 31 Dec 19 £m	VML 2017 Plan 31 Dec 18 £m
Present value of defined benefit obligations	(166.1)	(172.4)
Fair value of scheme assets	40.4	10.7
Net defined benefit liability	<u>(125.7)</u>	<u>(161.7)</u>

Made up of:

	VML 2017 Plan 31 Dec 19 £m	VML 2017 Plan 31 Dec 18 £m
Opening net defined benefit liability	(161.7)	(141.8)
Net interest cost	(4.6)	(4.1)
Changes in assumption	6.3	13.5
Remeasurement effects	31.1	(0.8)
Effect of employee service in the current period	(19.7)	(22.9)
Termination benefits	(11.1)	(10.4)
Employer contributions	34.8	5.5
Expenses	(0.8)	(0.7)
Plan introductions, changes, curtailments and settlements	-	-
Divestitures	-	-
Net defined benefit liability	<u>(125.7)</u>	<u>(161.7)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

18. PENSIONS continued

Changes in the defined benefit obligation are as follows:

	VML 2017 Plan 31 Dec 19 £m	VML 2017 Plan 31 Dec 18 £m
Opening defined benefit obligation	172.4	153.0
Effect of employee service in the current period	19.7	22.9
Changes in assumption	(6.3)	(13.5)
Interest cost	5.3	4.4
Remeasurement effects recognised in Other Comprehensive Income	(30.8)	0.6
Plan participants' contributions	-	0.1
Benefits paid from plan assets	(5.3)	(5.5)
Cost of termination benefits (note 6)	11.1	10.4
Plan introductions, changes, curtailments and settlements	-	-
Divestitures	-	-
Closing defined benefit obligation	<u>166.1</u>	<u>172.4</u>

Changes in the fair value of plan assets are as follows:

	VML 2017 Plan 31 Dec 19 £m	VML 2017 Plan 31 Dec 18 £m
Opening fair value of plan assets	10.7	11.2
Interest income on plan assets	0.7	0.3
Return on plan assets greater than discount rate	0.3	(0.2)
Employer contributions	34.8	5.5
Plan participants' contributions	-	0.1
Benefits paid	(5.3)	(5.5)
Administration costs paid	(0.8)	(0.7)
Reversal of irrecoverable surplus	-	-
Divestitures	-	-
Closing fair value of plan assets	<u>40.4</u>	<u>10.7</u>

# NOTES TO THE FINANCIAL STATEMENTS

## Year ended 31 December 2019

### 18. PENSIONS continued

The major category of plan asset is as follows:

	VMLP 2017	VMLP 2017
	Plan	Plan
	31 Dec 19	31 Dec 18
	£m	£m
Other	40.4	10.7
Total fair value of assets	40.4	10.7

The principal actuarial assumptions at the balance sheet date were as follows:

VMLP 2017	31 Dec 2019	31 Dec 2019	31 Dec 2018
Date for actuarial assumptions	31 Dec 2019	31 Dec 2019	31 Dec 2018
Plan participant census date	31 Dec 2019	31 Dec 2019	31 Dec 2018
Discount rate for scheme liabilities	% pa	2.2 (DBO) 2.25	3.0
RPI inflation	% pa	3.1	3.2
CPI inflation	% pa	2.1	2.2
Rate of salary increase	% pa	2.3	3.2
Pension increases in payment	% pa	3.0	3.1
- Guaranteed LPI (RPI to maximum of 5%)	% pa	2.2	2.2
- CPI maximum of 3%	% pa	1.9	2.0
Rate of increase in pensions in deferment	% pa	2.1	2.2
- CPI capped at 5%	% pa	2.1	2.2
- CPI capped at 2.5%	% pa	2.1	2.2
Future life expectancies from age 65	years	20.7	21.5
- Male currently aged 65	years	22.9	23.6
- Female currently aged 65	years	21.6	22.8
- Male currently aged 50	years	24.1	25.0
- Female currently aged 50	years	24.1	25.0

### Assumptions at 31 December 2019

Assumed retirement age	62 for main benefit and top up pension	62 for main benefit and top up pension
Commutation	65 for SAP benefit	65 for SAP benefit
	20% of main benefit	20% of main benefit
	110% for males	110% for males
	105% for females	105% for females
	CMI 18 projections with a 1.25% p.a. long term rate of improvement	CMI 16 projections with a 1.50% p.a. long term rate of improvement
	111% for males	111% for males
	108% for females	108% for females
	60% of top up pension	60% of top up pension
	20% of main benefit	20% of main benefit
	65 for SAP benefit	65 for SAP benefit
	62 for main benefit and top up pension	62 for main benefit and top up pension
	2019	2018
Mortality assumptions:		
Base mortality table: SAPS 'S2'		
Future improvements in longevity		

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

19. CAPITAL AND RESERVES

	31 Dec 19 £m	31 Dec 18 £m
<b>Called up, allotted and fully paid:</b>		
<b>Ordinary Shares of £1 Each</b>		
861,608,917 (31 December 2018: 848,508,917) ordinary shares of £1 each	<u>861.6</u>	<u>848.5</u>

On 04 July 2019 there was a £13.1 million Ordinary share issue with an aggregate nominal value of £1.

Called-up share capital represents the nominal value of shares that have been issued. The Company has one class of ordinary shares which carry no right to fixed income.

Where Peugeot S.A. grants rights or share options over its shares to employees of the Company, the Company records a credit directly to the share-based payment reserve in equity equal to the charge recorded in the profit and loss account as determined in accordance with the requirements of section 26 of FRS 102.

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

20. COMMITMENTS

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

	31 Dec 19 £m	31 Dec 18 £m
Committed	<u>18.2</u>	<u>36.5</u>

(b) At 31 December 2019 the total future minimum lease payments under non-cancellable operating leases are as follows:

	31 Dec 19 £m	31 Dec 18 £m
Operating leases – lessee		
Payments for periods		
not later than one year	4.6	3.4
later than one year and not later than five years	12.3	13.5
later than five years	13.2	11.0
	<u>30.1</u>	<u>27.9</u>

(c) At 31 December 2018 the total future minimum rent receivables under non-cancellable operating leases are as follows:

	31 Dec 19 £m	31 Dec 18 £m
Operating leases – lessor		
Payments for periods		
not later than one year	1.3	0.9
later than one year and not later than five years	2.7	2.6
later than five years	-	-
	<u>4.0</u>	<u>3.5</u>



**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2019**

**21. ULTIMATE PARENT COMPANY**

At 31 December 2019, 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, was Peugeot S.A., a company registered in France. The financial statements of Peugeot S.A. are available from its registered office at 7 Rue Henri Sainte-Claire Déville, 92500 Rueil-Malmaison, France.

The immediate parent company and controlling entity of the Company and the parent of the smallest group for which consolidated accounts are prepared of which this Company is a part, is Opel Automobile GmbH, a company registered in Germany. The financial statements of Opel Automobile GmbH are available from its registered office Bahnhofplatz, 65423 Rüsselsheim am Main, Germany.

**22. RELATED PARTY DISCLOSURES**

The Company has taken advantage of the exemption granted by paragraph 33.1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" not to disclose transactions with Peugeot S.A. group companies or interests of the Peugeot S.A. group who are related parties.

As detailed in note 18, the Company made contributions to the VML 2017 Pension Plan ("VML 2017 Plan"). Pension's administration costs were previously incurred by the Company and recharged to two plans within its group thereafter. From April 2019 each company will now borne its own cost and these cost will not be recharged to the two plans.

Prior to April 19 the cost recharged to the plan was £0.3 million (2018: £0.3 million). From April 19 the pension admin cost incurred by the company for the VML 2017 Pension Plan was £0.4 million.

Up to 31 July 2017, the Company incurred pension investment costs which were charged to the Common Investment Fund into which the two pension plans within its group were invested. In due course the Company may incur pension investment costs which will also be charged to VML 2017 Plan, however there are no amounts to be disclosed in the current year (year ended 31 December 2018: £nil).

**23. SUBSEQUENT EVENTS**

As Vauxhall Motors Ltd receive funding from Opel Automobile GmbH ("Opel") there is nothing to report in regards to COVID-19 in this instance in regards to going concern. Please refer to the going concern note on page 18, which provides a more detailed summary of the situation.