

Registered number: 07556915

General Motors Europe Limited

**Directors' report and financial statements
for the year ended 31 December 2018**

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General Motors Europe Limited

Company information

Directors

V Khare
G Vello

Company secretary

Abogado Nominees Limited

Registered number

07556915

Registered office

100 New Bridge Street
London
EC4V 6JA
United Kingdom

Independent auditor

Ernst & Young LLP
Statutory Auditor
400 Capability Green
Luton
LU1 3LU

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General Motors Europe Limited

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General Motors Europe Limited

Directors' report for the year ended 31 December 2018

The Directors of General Motors Europe Limited ('the Company') present their report and the audited financial statements for the year ended 31 December 2018.

Results and dividends

The loss for the year, after taxation, amounted to £37.1 million (2017: profit of £47.8 million).

The Directors do not recommend the payment of a dividend (2017: £Nil).

Directors

The Directors who held office during the year and up to the date of signing the financial statements are given below:

V Khare
G Vello

Principal activity

The Company is an investment company and holds an investment in General Motors Powertrain-Europe S.r.l., as disclosed in note 7 to the financial statements. Additionally, the Company acts as the sponsoring company for the pension plans of Vauxhall Motors Limited and IBC Vehicles Limited that were transferred to the Company on sale of those entities by the General Motors Company to Groupe PSA.

Financial Risk Management

The Company is exposed to financial risk through its pensions obligations. The key financial risk is that the Company does not have sufficient funds to meet its pension funding obligations as they fall due. The Company has an agreed schedule of contributions with the trustees of the Company's pension schemes which are disclosed in note 14 to the financial statements. In the event that the Company requires further funds to meet its pension obligations, the Company expects that such funds will be forthcoming from the General Motors Company or its subsidiaries.

The most important component of financial risk applicable to the Company is liquidity risk. This financial risk is managed by the treasury function of General Motors Company.

Going concern

After review, the Directors consider they should continue to adopt the going concern basis in preparing the financial statements. Further information in respect of this assessment is set out in note 3.4 to the financial statements.

Share capital

On 10 September 2018, the Company issued 92 million ordinary shares of £1 each for a consideration of £92 million.

Qualifying third party indemnity provisions

The Group, of which the Company forms a part, 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.

Post balance sheet events

After the balance sheet date, the Company was acquired by GM Regional Holdings, as part of a group restructure (see note 16).

General Motors Europe Limited

Directors' report (continued) for the year ended 31 December 2018

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law). 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 for the Company's financial statements and then apply them consistently;
- make and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 to 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.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

Independent auditor

Ernst & Young LLP was appointed as auditor to the Company during the year and will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

General Motors Europe Limited

Directors' report (continued) for the year ended 31 December 2018

Small companies exemption

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The Directors have also taken advantage of the small company exemption provided by section 414B of the Companies Act 2006 and have not prepared a strategic report.

This report was approved by the board on 5 NOVEMBER 2019 and signed on its behalf.


V Khare
Director

Independent auditor's report to the members of General Motors Europe Limited

Opinion

We have audited the financial statements of General Motors Europe Limited (the 'company') for the year ended 31 December 2018 which comprise the Profit and Loss Account, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 16, 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 2018 and of its loss 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 of 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 below. 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

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 where:

- the directors' use of 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 General Motors Europe Limited

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the 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 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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 General Motors Europe 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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our 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.

Ernst & Young LLP
Anup Sodhi (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Luton
Date: 8 November 2019

General Motors Europe Limited

Profit and loss account for the year ended 31 December 2018

		2018 £m	2017 £m
Administrative expenses		(43.4)	(6.9)
Operating loss		(43.4)	(6.9)
Loss on disposal of investments		-	(0.3)
Dividend income		-	50.7
Interest receivable and similar income	8	1.0	0.5
Other finance costs	9	(8.6)	(7.1)
(Loss)/profit before tax		(51.0)	36.9
Tax on (loss)/profit	10	13.9	10.9
(Loss)/profit for the financial year		(37.1)	47.8

The Company's results are derived from continuing operations.

The notes on pages 11 to 28 form part of these financial statements.

General Motors Europe Limited

Statement of other comprehensive income for the year ended 31 December 2018

	Note	2018 £m	2017 £m
(Loss)/profit for the financial year		(37.1)	47.8
Other comprehensive income:			
Actuarial gain recognised on the pension schemes	14	120.7	65.8
Foreign exchange gains		-	20.5
Total comprehensive income for the year		83.6	134.1

The notes on pages 11 to 28 form part of these financial statements.

General Motors Europe Limited

Statement of financial position as at 31 December 2018

	Note	2018 £m	2018 £m	2017 £m	2017 £m
Fixed assets					
Investments	11		25.5		25.5
Current assets					
Debtors	12	35.4		314.7	
Cash and cash equivalents		3.5		-	
		<u>38.9</u>		<u>314.7</u>	
Creditors: amounts falling due within one year	13	(0.6)		(0.1)	
Net current assets			<u>38.3</u>		<u>314.6</u>
Total assets less current liabilities			<u>63.8</u>		<u>340.1</u>
Defined benefit pension scheme liability	14	(101.3)		(553.2)	
Net liabilities			<u>(37.5)</u>		<u>(213.1)</u>
Capital and reserves					
Called up share capital	15		1,024.0		932.0
Foreign exchange reserve			(78.6)		(78.6)
Profit and loss account			(982.9)		(1,066.5)
Total equity			<u>(37.5)</u>		<u>(213.1)</u>

The financial statements of General Motors Europe Limited, registered number 07556915, were approved and authorised for issue by the board and were signed on its behalf on 8, NOVEMBER 2019.


V Khare
Director

The notes on pages 11 to 28 form part of these financial statements.

General Motors Europe Limited

Statement of changes in equity for the year ended 31 December 2018

	Called up share capital	Foreign exchange reserve	Profit and loss account	Total equity
	£m	£m	£m	£m
At 1 January 2018	932.0	(78.6)	(1,066.5)	(213.1)
Loss for the financial year	-	-	(37.1)	(37.1)
Actuarial gain on defined benefit pension schemes	-	-	120.7	120.7
Total comprehensive income for the year	-	-	83.6	83.6
Issued share capital during the year	92.0	-	-	92.0
At 31 December 2018	1,024.0	(78.6)	(982.9)	(37.5)

Statement of changes in equity for the year ended 31 December 2017

	Called up share capital	Foreign exchange reserve	Profit and loss account	Total equity
	£m	£m	£m	£m
At 1 January 2017	932.0	(99.1)	(419.4)	413.5
Profit for the financial year	-	-	47.8	47.8
Actuarial gains on defined benefit pension schemes	-	-	65.8	65.8
Deemed distribution on assumption of pension obligations	-	-	(760.7)	(760.7)
Total comprehensive income for the year	-	-	(647.1)	(647.1)
Foreign exchange reserve	-	20.5	-	20.5
At 31 December 2017	932.0	(78.6)	(1,066.5)	(213.1)

The notes on pages 11 to 28 form part of these financial statements.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2018

1. General information

The Company is an investment company and holds an investment in General Motors Powertrain-Europe S.r.l., as disclosed in note 11 to the financial statements. Additionally, the Company acts as the sponsoring company for the pension plans of Vauxhall Motors Limited and IBC Vehicles Limited that were transferred to the Company on sale of those entities by the General Motors Company to Groupe PSA.

The Company is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006. It is registered in England and Wales and the address of its registered office is 100 New Bridge Street, London, EC4V 6JA.

2. Statement of compliance

The individual financial statements of General Motors Europe Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation of financial statements

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. No critical judgements have been applied to these financial statements.

3.2 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. These exemptions are:

- the requirement to prepare a statement of cash flow;
- certain financial instrument disclosures; and
- the non-disclosure of key management personnel compensation.

The Company has taken advantage of these exemptions on the basis that it is a qualifying entity and its ultimate parent company, General Motors Company, includes the Company's results in the equivalent disclosures in its own consolidated financial statements.

3.3 Consolidation

Consolidated accounts have not been prepared because the Company's results are consolidated in the publicly available accounts of General Motors Company, a company registered in the State of Delaware, USA. Accordingly, these financial statements represent information about the Company as an individual undertaking and not about its group.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2018

3. Summary of significant accounting policies (continued)

3.4 Going concern

The balance sheet at 31 December 2018 shows the Company has net liabilities of £37.5 million but net current assets of £38.3 million. The Company has provided certain commitments to the trustees of its pension scheme including that the Company will hold in cash two years of pensions contributions – specified in the Schedule of Contributions – less any contributions made during the first year of any two year period. In the event that the Company requires further funds to meet its pension obligations, the Company expects that such funds will be forthcoming from the General Motors Company or its subsidiaries.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

3.5 Foreign currency translation

(i) Functional and presentation currency

The Company's functional currency is Pound Sterling because this is the predominant currency in which the Company transacts. The financial statements are presented in Pound Sterling; all values are rounded to the nearest thousand Pound Sterling except where otherwise indicated.

(ii) Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into Pound Sterling at rates of exchange ruling at the statement of financial position date.

Transactions in foreign currencies are translated into Pound Sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

3.6 Interest receivable and similar income

Interest income is recognised in the profit and loss account using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2018

3. Summary of significant accounting policies (continued)

3.7 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns in respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.8 Fixed asset investments

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

3.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

3.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2018

3. Summary of significant accounting policies (continued)

3.12 Financial instruments

(i) Financial assets

Basic financial assets, including amounts owed by group undertakings and other debtors shown in note 12 are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method and at the end of each reporting period are assessed for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

(ii) Financial liabilities

Basic financial liabilities, including other creditors shown in note 13 are initially recognised at transaction price.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.13 Pension

The Company is the sponsoring company for four pension plans, of which it makes contributions to three of the 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 four plans are the General Motors (VML) Pension Plan ("GM (VML) Plan") (formerly the Vauxhall Motors Limited Pension Plan ("VMLPP")), the General Motors (IBC) Pension Plan ("GM (IBC) Plan") (formerly the IBC Vehicles Pension Plan (IBCPP)), 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.

Each of the plans is of the "defined benefit" type where pensions are determined by an employee's earnings level at retirement and length of service.

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 end 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.

In accordance with FRS 102 the fair value of the pension schemes is reported in the balance sheet of the Company. The movements in the fair value of the schemes 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.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2018

3. Summary of significant accounting policies (continued)

3.14 Called up share capital

Ordinary shares are classified as equity.

3.15 Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are not wholly owned.

4. Critical accounting estimates and judgements

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.

(a) Critical judgements in applying the Company's accounting policies.

The Company has not made any critical accounting judgements in applying the entity's accounting policies.

(b) Key areas of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Investments

The Company's fixed asset investments are valued according to the net present value of future cash flows expected to be derived therefrom. The Company uses estimates for the activity of the underlying business based on factors such as expected sale volumes and pricing, and expected cost of inputs such as materials and labour. The assumptions reflect historical experience and the Company's judgement regarding future expectations.

The carrying value of the fixed asset investments at 31 December 2018 is disclosed in note 11.

(ii) Pension obligations

The Company has a commitment to pay pension benefits to the members of the pension plans 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 2018 and the key financial assumptions used to measure the obligation are disclosed in note 14.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2018

5. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Administration	19	25

Staff costs, including directors remuneration, were as follows:

	2018 £m	2017 £m
Wages and salaries	0.3	0.6
Social security costs	0.1	0.1
Pension costs	-	-
	0.4	0.7

6. Directors remuneration

The Directors received the following remuneration from the Company:

	2018 £'000	2017 £'000
Directors emoluments	86.0	38.0
Directors pension contributions	16.0	12.0
	102.0	50.0

During the year retirement benefits were accruing to 1 Director (2017: 1) in respect of defined benefit pension schemes.

7. Auditor's remuneration

The Company incurred audit fees payable for the audit of the Company's annual accounts of £27,000 (2017: £75,000).

8. Interest receivable and similar income

	2018 £m	2017 £m
Loans to group undertakings	1.0	0.5

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2018

9. Interest payable and similar charges

	2018 £m	2017 £m
Loans from group undertakings	8.6	7.1

10. Taxation

	2018 £m	2017 £m
Corporation tax		
Current tax on (loss)/profits for the year	(1.9)	(10.9)
Adjustments in respect of previous periods	(12.0)	-
Total current tax	(13.9)	(10.9)
Taxation on (loss)/profit on ordinary activities	(13.9)	(10.9)

Factors affecting tax charge for the year

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £m	2017 £m
(Loss)/profit on ordinary activities before tax	(51.0)	36.9
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(9.7)	7.1
Effects of:		
Adjustments to tax charge in respect of prior periods	(12.0)	-
Timing differences	7.8	(8.3)
Non-taxable income	-	(9.7)
Total tax charge for the year	(13.9)	(10.9)

As at 31 December 2018 the amount of unused tax losses is £250 million. There is no expiry date on unused tax losses. Deferred tax assets have not been recognised in respect of these losses due to uncertainty on future profitability.

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred tax rates at the balance sheet date has been measured using these enacted tax rates and reflected in these financial statements.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2018

11. Fixed asset investments

	Investments in subsidiaries £m
Cost	
At 1 January 2018 and 31 December 2018	<u>25.5</u>
Net book value	
At 31 December 2018	<u>25.5</u>
At 31 December 2017	<u>25.5</u>

The Company owns the entire issued share capital of the fixed asset investments detailed below:

Subsidiary undertakings

Name	Country of incorporation	Principal activity
General Motors Powertrain-Europe S.r.l.	Corso Castelfidardo 36, 10138, Torino, Italy.	Research, engineering and industrial consulting regarding powertrains, engines and transmissions for vehicles, as well as units, sub-units, components, spare parts and fittings thereof.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2018

12. Debtors

	2018 £m	2017 £m
Amounts owed by group undertakings	30.8	303.8
Corporation tax	2.9	10.9
Other debtors	1.7	-
	<u>35.4</u>	<u>314.7</u>

The amounts owed by fellow subsidiaries represent short-term cash pool amounts which can be withdrawn by the Company at immediate notice at varying interest rates.

13. Creditors: amounts falling due within one year

	2018 £m	2017 £m
Other creditors	0.6	0.1

14. Pensions

As a condition of the sale of Vauxhall Motors Limited and IBC Vehicles Limited to PSA Groupe, which completed on 31 July 2017, the General Motors Company agreed to retain the defined benefit pension obligations of those entities. These obligations, which amounted to £760.7 million, were assumed by the Company as at that date, with the General Motors Company providing cash injections into the Company and into the pension schemes to reduce the deficits thereon. The Company now acts as the sponsoring employer for these pension schemes and is exposed to subsequent changes in the valuation of the pension liabilities.

The Company is the sponsoring company for four pension plans, of which it makes contributions to three of the 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 four plans are the General Motors (VML) Pension Plan ("GM (VML) Plan") (formerly the Vauxhall Motors Limited Pension Plan ("VMLPP")), the General Motors (IBC) Pension Plan ("GM (IBC) Plan") (formerly the IBC Vehicles Pension Plan (IBCPP)), 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.

The Company also makes contributions to a "defined contributions" type scheme named the General Motors Europe Limited GPP (GMELGPP). The GMELGPP is administered by Fidelity on behalf of the Company and its assets are held by independent managers.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2018

14. Pensions (continued)

The Company makes contributions to the Plans, which are single employer schemes and accounted for on a defined benefit basis. Pensions are determined by an employee's earnings level and length of service. The assets of the Plans are held in trustee administered funds, and are completely separate from the assets of the Company.

The Plan provides members with defined benefits. The funding requirements of the Plans are agreed by the Company and the Plans' pension trustees following the receipt of independent actuarial advice as part of each Plan's triennial funding valuation. Following the most recent actuarial valuations a Schedule of Contributions was agreed with each Plan's pension trustee.

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

The Company became the Principal Company to the above Plans under Deeds of Substitution of Principal Company dated 3 July 2017 as a result of General Motors Company's sale of its Opel and Vauxhall subsidiaries to the PSA Group. The Company's responsibility for the Plans as Principal Company has been shown as an acquisition based on an effective date of 31 July 2017.

Actuarial valuations of the Plans for funding purposes are carried out at least every three years. An actuarial valuation of the Plans has been completed as at an effective date of 1 January 2017. For accounting purposes, the Company has employed an independent actuary, to carry out an actuarial valuation to determine the defined benefit obligation and pension cost. The most recent annual accounting disclosure valuation was based on census data collected as at 1 October 2018 and adjusted for benefits paid from the Plan between 1 October 2018 and 31 December 2018.

Pension cost

The Company's total pension cost for 2018 was £52.1 million (of which £43.5 million relates to operating cost). The pension cost for 2018 includes an estimate of the financial effect of GMP equalisation of £32.4 million for the GM (VML) Plan and £3.7 million for the GM (IBC) Plan. Also included is the financial effect of member benefit augmentations for 50 members of the GM (VML) Plan which amounts to £6.6 million. Over the period there were no costs in relation to special termination benefits. The Company's total pension cost for 2017 was £13.8 million (of which £6.7 million relates to operating cost).

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2018

14. Pensions (continued)

Contributions to the pension plan

As part of the GM (VML) Plan's Schedule of Contributions, dated July 2017, the Company agreed to pay nominal contributions equivalent to 32.1% of Pensionable Salaries for the period 31 July 2017 to 31 December 2025 in respect of active members' benefit accrual. The Company also agreed to pay one-off payments of £135 million and £38.2 million on or before 31 October 2017 and 31 January 2018 respectively, £75 million for the period 1 January 2018 to 31 December 2018, payable by 31 December 2018, and £80 million per annum for the period 1 January 2019 to 31 December 2024, to be paid by 31 December each year. In addition, the Company has agreed to pay amounts in respect of the GM (VML) Plan's annual Pension Protection Fund levy over the period ending 31 December 2025. The Schedule of Contributions will be re-assessed as part of the GM (VML) Plan's future triennial valuations when the next such valuation (effective date 1 January 2020) is finalised. In September 2018 the Company prefunded contributions in respect of the deficit and the Pension Protection Fund levies due to be paid in 2019, 2020 and 2021.

As part of the GM (IBC) Plan's Schedule of Contributions, dated July 2017, the Company agreed to pay one-off payments of £13.5 million and £3.0 million on or before 31 October 2017 and 31 January 2018 respectively, £7.0 million per annum for the period 1 January 2018 to 31 December 2021, and £1.0 million for the period 1 January 2022 to 31 December 2022, to be paid by 31 December each year. In addition, the Company has agreed to pay amounts in respect of the GM (IBC) Plan's annual Pension Protection Fund levy over the period ending 31 December 2022. The Schedule of Contributions will be re-assessed as part of the GM (IBC) Plan's future triennial valuations when the next such Valuation (effective date 1 January 2020) is finalised. In September 2018 the Company prefunded contributions in respect of the deficit and the Pension Protection Fund levies due to be paid in 2019 and 2020.

No regular payments are required to the Retirees Plan under its Schedule of Contributions.

As part of the GM (VACPF) Fund's Schedule of Contributions, dated July 2017, the Company agreed to pay one-off payments of £1.5 million and £0.85 million on or before 31 October 2017 and 31 January 2018 respectively, £2.0 million per annum for the period 1 January 2018 to 31 December 2022, and £1.6 million for the period 1 January 2023 to 31 December 2023, to be paid by 31 December each year. In addition, the Company has agreed to reimburse the GM (VACPF) Fund for all expenses, including the Fund's annual Pension Protection Fund levy. The Schedule of Contributions will be re-assessed as part of the Fund's future triennial valuations when the next such valuation (effective date 1 January 2020) is finalised. In September 2018 the Company prefunded contributions in respect of the deficit and the Pension Protection Fund levies due to be paid in 2019, 2020 and 2021.

The VMLPP into which the Company contributes is a multi-employer scheme. In the opinion of the Directors, sufficient information is 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 the VMLPP is not required under the VMLPP's Schedule of Contributions to pay contributions to the VMLPP to fund any deficit in the scheme and accordingly its participation in the VMLPP is accounted for on a defined contribution basis in the financial statements of IBC Vehicles Limited. The Company is required to account for the VMLPP on a defined benefit basis, consistent with the approach used to account for the IBCPP, the GMRPP and the VACPF.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2018

14. Pension commitments (continued)

Recognition of pension surplus

Two of the four pension plans managed by the Company have an actuarial surplus. As at 31 December 2018 the GM (IBC) Pension Plan had a surplus of £17.5 million and the GM (VACPF) Fund had a surplus of £4.6 million. Having considered the current requirements and tests set out in paragraph 11 of IFRIC 14, the directors have concluded that the Company has the right to recognise these surpluses in its balance sheet.

In arriving at their conclusion the directors have been cognizant of the facts that:

- (i) the Company would be able to obtain economic value from the surplus through obtaining a full refund of the surplus from the Plan by first "running off" the liabilities gradually and then obtaining a refund when the last participant payment has been made, and
- (ii) the Trustees of the pension plans do not have power to change benefits to increase the pension obligations without the Company's consent (i.e. a unilateral power).

Employee benefit obligations

The amounts recognised in the profit and loss account in respect of the schemes are as follows:

	2018 £m	2017 £m
Effect on employee service in the current period	0.3	0.1
Net interest on net defined benefit liability	8.6	7.1
Plan introductions, changes, curtailments and settlements	37.1	-
Defined benefit cost recognised in the profit and loss account	46.0	7.2
Administration costs incurred during the period	6.1	6.6
Cost recognised in the profit and loss account	52.1	13.8

The actual return on plan assets was £(37.6) million.

The amounts recognised in other comprehensive income in respect of the defined benefit schemes are as follows:

	2018 £m	2017 £m
Actuarial (gain)/loss arising during the period	(229.5)	42.3
Return on plan assets less/(greater) than discount rate	105.4	(108.1)
Change in irrecoverable surplus	3.4	-
Remeasurement effects recognised in other comprehensive income	(120.7)	(65.8)

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2018

14. Pensions (continued)

The total cost relating to the schemes are as follows:

	2018 £m	2017 £m
Cost recognised in the profit and loss account	52.1	13.8
Remeasurement gains recognised in Other Comprehensive Income	(120.7)	(65.8)
Defined benefit cost	(68.6)	(52.0)

The amounts recognised in the statement of financial position arising from the Company's obligations in respect of its defined benefit schemes are as follows:

	Value at 31 December 2018 £m	Value at 31 December 2017 £m
Present value of defined benefit obligations	(2,923.4)	(3,268.2)
Fair value of scheme assets	2,837.2	2,726.7
	(86.2)	(541.5)
Irrecoverable surplus (effect of asset ceiling)	(15.1)	(11.7)
Net defined benefit liability	(101.3)	(553.2)

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2018

14. Pensions (continued)

Made up of:

	Fair value at 31 December 2018 £m	Fair value at 31 December 2017 £m
Opening net defined benefit liability	(553.2)	-
Interest cost	(8.6)	(7.1)
Remeasurement effects	120.7	65.8
Effect of employee service in the current period	(0.3)	(0.1)
Plan introductions, changes, curtailments and settlements	(37.1)	-
Employer contributions	383.3	155.5
Expenses	(6.1)	(6.6)
Assumed from Vauxhall Motors Limited and IBC Vehicles Limited (including irrecoverable surplus of £11.7m assumed)	-	(760.7)
Net defined benefit liability	(101.3)	(553.2)

Changes in the defined benefit obligation are as follows:

	2018 £m	2017 £m
Opening defined benefit obligation	3,268.2	-
Effect of employee service in the current period	0.3	0.1
Net interest on net defined benefit liability	76.5	33.4
Remeasurement effects recognised in other comprehensive income	(229.6)	42.3
Plan introductions, changes, curtailments and settlements	(72.8)	-
Benefits paid from plan assets	(119.2)	(46.6)
Assumed from Vauxhall Motors Limited and IBC Vehicles Limited	-	3,239.0
Closing defined benefit obligation	2,923.4	3,268.2

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2018

14. Pensions (continued)

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

	2018 £m	2017 £m
Opening fair value of plan assets	2,726.7	-
Interest income on plan assets	67.8	26.3
Return on plan assets (less)/greater than discount rate	(105.4)	108.1
Plan introductions, changes, curtailments and settlements	(109.9)	-
Employer contributions	383.3	155.5
Benefits paid	(119.2)	(46.6)
Administration costs paid	(6.1)	(6.6)
Assumed from Vauxhall Motors Limited and IBC Vehicles Limited	-	2,490.0
Closing fair value of plan assets	2,837.2	2,726.7

The major categories of plan assets are as follows:

	Value at 31 December 2018 £m	Value at 31 December 2017 £m
Equities	601.6	973.2
Property	256.6	248.2
Government and non-government bonds	881.8	522.8
Other	1,047.2	805.9
Annuity policy	50.0	176.6
Total fair value of assets	2,837.2	2,726.7

Included in the fair value of plan assets are financial instruments issued by a group company with a value of £0.2 million (2017: £0.3 million).

The Company made contributions to the plans of £383.3 million during 2018. The Company expects to contribute a further £0.104 million to the plans in the year ended 31 December 2019.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2018

14. Pensions (continued)

The principal actuarial assumptions at the balance sheet date were:

31 December 2018

		VMLPP 1 Oct 2018	IBCPP 1 Oct 2018	GMRPP 1 Oct 2018	VACPF 1 Oct 2018
Discount rate for scheme liabilities	% pa	2.91	2.87	2.53	2.7
RPI inflation	% pa	3.2	3.2	3.2	3.2
CPI inflation	% pa	2.2	2.2	2.2	2.2
Rate of salary increase	% pa	3.2	n/a	n/a	n/a
Pension increase for in-payment benefits					
- Guaranteed LPI (RPI to maximum of 5%)	% pa	3.0	3.0	n/a	n/a
- Guaranteed LPI (RPI to maximum of 2.5%)	% pa	1.9	1.9	n/a	n/a
- 1/2 RPI to maximum of 3%	% pa	0.00	0.00	n/a	n/a
- Post 88 GMP increases	% pa	1.9	1.9	1.9	1.9
Pension increases for deferred benefits	% pa	2.2	2.2	2.2	2.2

Life expectancies used in the mortality assumptions:

of a member currently aged 65	Male	21.5	21.3	22.4	20.9
of a member currently aged 65	Female	23.6	22.4	24.5	22.4
at age 65 of a member currently aged 45	Male	22.8	22.6	23.9	22.3
at age 65 of a member currently aged 45	Female	25.0	23.8	25.9	23.8

Net defined benefit surplus/(liability):

	£m	£m	£m	£m
Fair value of plan assets	2,398.8	325.9	65.5	47.0
Defined benefit obligation	(2,522.2)	(308.4)	(50.4)	(42.4)
Irrecoverable surplus			(15.1)	
Net defined benefit surplus/(liability)	(123.4)	17.5	-	4.6

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2018

14. Pensions (continued)

31 December 2017

		VMLPP 1 Oct 2017	IBCPP 1 Oct 2017	GMRPP 1 Oct 2017	VACPF 1 Oct 2017
Discount rate for scheme liabilities	% pa	2.44	2.42	2.17	2.33
RPI inflation	% pa	3.20	3.20	3.20	3.20
CPI inflation	% pa	2.20	2.20	2.20	2.20
Rate of salary increases	% pa	3.20	n/a	n/a	n/a
Pension increase for in-payment benefits					
- Guaranteed LPI (RPI to maximum of 5%)	% pa	3.00	3.00	n/a	n/a
- Guaranteed LPI (RPI to maximum of 5%)	% pa	1.90	1.90	n/a	n/a
- 1/2 RPI to maximum of 3%	% pa	0.00	0.00	n/a	n/a
- Post 88 GMP increases	% pa	1.90	1.90	1.90	1.90
Pension increases for deferred benefits	% pa	2.20	2.20	2.20	2.20
Life expectancies used in the mortality assumptions:					
of a member currently aged 65	Male	21.1	21.3	22.4	20.8
of a member currently aged 65	Female	23.6	22.3	24.4	22.3
at age 65 of a member currently aged 45	Male	22.7	22.5	23.8	22.2
at age 65 of a member currently aged 45	Female	24.9	23.7	25.8	23.7
Net defined benefit surplus/(liability):					
		£m	£m	£m	£m
Fair value of plan assets		2,155.1	316.8	214.9	40.0
Defined benefit obligation		(2,715.0)	(332.2)	(178.2)	(44.6)
Irrecoverable surplus				(11.7)	
Net defined benefit surplus/(liability)		(559.9)	(15.4)	25.0	(4.6)

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2018

15. Share capital and reserves

	2018 £m	2017 £m
Allotted, called up and fully paid		
1,024,004,301 (2017: 932,004,301) Ordinary shares of £1 each	<u>1,024.0</u>	<u>932.0</u>

The Company has one class of ordinary shares, which carry no right to fixed income.

On 10 September 2018, the Company issued 92 million ordinary shares of £1 each for a consideration of £92 million.

The profit and loss reserve represents cumulative profits or losses, including unrealised losses on the remeasurement of the pension scheme defined benefit liability, net of dividends paid and other adjustments.

The foreign exchange reserve represents the currency translation effects due to a change in the functional currency from EURO to GBP in 2017.

16. Ultimate parent undertaking and controlling party

At 31 December 2018, the ultimate parent Company and controlling entity of the Company, and parent of the smallest and largest group for which consolidated accounts are prepared of which this Company is a part, was General Motors Company, a Company registered in the State of Delaware USA with its registered office at 251 Little Falls Drive, New Castle County, Wilmington DE 19808. The consolidated financial statements of General Motors Company are set forth on its Annual Report on Form 10-K as filed with the United States Securities and Exchange Commission.

The Company's immediate parent undertaking was GMGP Holdings LLC, a company incorporated in the United States of America, until the Company was sold to GM Regional Holdings, a company also incorporated in the United States of America on 25 October 2019 as part of a group restructure.