

Registered number: 07556915

General Motors Europe Limited
Annual report and financial statements
for the year ended 31 December 2020



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 Bedfordshire LU1 3LU United Kingdom

General Motors Europe Limited

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General Motors Europe Limited

Strategic report for the year ended 31 December 2020

Introduction

The Directors of General Motors Europe Limited ("the Company") set out below their strategic report, providing a review of the Company's business and a description of the principal risks and uncertainties affecting the Company.

Business review

At 31 December 2020, General Motors Europe Limited was a subsidiary of General Motors Company ("GMC").

The principal activity of the Company is to act as the sponsoring Company for four of the five defined benefit UK pension plans of GMC. These pension plans are The General Motors (VML) Pension Plan, The General Motors (IBC) Pension Plans, The GM Retirees Pension Plan and The General Motors (VACPF) Pension Plan. During 2020, the Company sold its investment in GM Global Propulsion Systems Torino S.r.l and acquired the entire share capital of GM Speciality Vehicles UK Limited (formerly: Global Tooling Service Company Europe Limited) in exchange of a promissory note.

The loss before taxation amounted to £18.5 million (2019: £19.4 million). The Company incurred pension related cost amounted to £10.6 million and did not receive a dividend from its investment subsidiary in 2020, both of which are discussed further below.

Shareholder's deficit was £290.3 million as at 31 December 2020 (2019: £141.1 million).

The principal movements in the statement of financial position relate to the following:

1. In February 2020, the Company made a fund injection to GM Global Propulsion Systems Torino S.r.l. amounting to £8.4 million and sold the investment for a nominal consideration €1,000 (£847). As the investment was already impaired to nil in the December 2019 accounts, this additional £8.4 million contribution represents the 2020 impairment charge and contributes to the total £149.2 million increase in shareholder's deficit in 2020.
2. In December 2020, GM undertook a legal entity restructuring project designed to simplify the General Motors corporate group. As part of that project, it was decided that the Company will purchase the entire issued share capital of GM Speciality Vehicles UK Limited (formerly: Global Tooling Service Company Europe Limited) from GM Global Holdings GmbH & Co. KG by issuing a promissory note amounting to £3.2 million which bears a 3% interest charge and will mature on 30 September 2021.
3. The remeasurement effects of UK pension plans' net Defined Benefit Obligations (DBO) recognised at the end of 2020 increased the deficit by £138.6 million. Although the impact of this on 'Other Comprehensive Expense' was reduced by £10.9 million of loss after tax.

Key performance indicators

The Company does not have any financial or non-financial key performance indicators, other than pensions. Its principal obligations are pension scheme related and movements in the pension scheme valuation are an important indicator for the Company as changes in valuation can affect the Company's funding obligations with respect to the pension schemes.

General Motors Europe Limited

Strategic report (continued) for the year ended 31 December 2020

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, financial condition and capital resources of the Company:

- 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 board expects that such funds will be forthcoming from the GMC or its subsidiaries.
- The Company is exposed to market risk as the performance of pension schemes' investment assets is dependent on movements in financial markets. A substantial deterioration in market conditions could expose the Company to significant increases in its pension liabilities and cash outflows. With approximately 63% of pension investments invested matching assets (including 31% invested in liability driven assets) a large proportion of Company's obligations are hedged.

S 172 Statement – Engaging with Stakeholders

The Directors are fully appraised of their responsibilities under section 172 of the Companies Act 2006. The following disclosure describes how the Directors have had regard to the matters set out in section 172 of the Companies Act and have taken decisions for the long-term benefit of the company and its stakeholders.

As mentioned earlier the principal activity of the Company is to act as the sponsoring Company for four of the five defined benefit UK pension plans of GMC and the following are recognised as key stakeholders by the Company.

Shareholder and Business

GMC is the ultimate owner and the Company is in constant communication with them. All major decisions of the Company are agreed with them. GMC is the main partner in funding the UK pension plans and as such all funding decisions are agreed and coordinated with GMC. GMC, through its treasury company, provides continued funding to the Company in order to enable it to fulfill its obligations.

Continued impact of COVID-19 pandemic on the UK pension plans, whilst unpredictable, has not been very adverse and overall, they have continued to perform well. The pensions assets have continued to outperform its target benchmark, and the pension funding deficit has remained stable. The Company has sufficient cash reserves to be in a strong position to continue to meet its future obligations to the UK pension plans.

Pensioners

As the main sponsor of the UK pension plans, the Company has an important duty of care towards all the members of UK pension plans. The Company through its active coordination with the trustee boards of the UK pension plans ensures appropriate safeguarding of pension assets. Through its pension administration department, the Company continues to provide an excellent administrative support service to pension plan members. It undertakes pro-active tracing exercises in order to trace pensioners who are rightfully due pensions and regularly communicates with them on all matters concerning the pension plans.

General Motors Europe Limited

Strategic report (continued) for the year ended 31 December 2020

S 172 Statement – Engaging with Stakeholders (continued)

Regulator and Government Agencies

In its operations of UK pension plans, the Company has obligation towards regulators such as The Pensions Regulator (TPR) and Government Agencies such as the HMRC and the Department of Work and Pensions (DWP). It maintains regular and clear communications with the regulators and agencies. It makes accurate and timely tax deductions from pension payroll and pays over to the HMRC on time.

Employees

The Company has 17 employees. It is invested in ensuring that it complies with all employment and health and safety laws. The Directors believe in maintaining appropriate standards and processes to monitor and ensure the welfare of its employees. As part of the overall GMC group, all employees undergo regular training programs covering areas Safety at Work, Anti-Bribery, Anti -Harassment and Discrimination, and Ethics and Corporate Code of Conduct. The Company has ensured the welfare of its employees during the COVID-19 pandemic and Work from Home environment by ensuring that all employees appropriate infrastructure in order to enable them to operate safely from home and by holding regular team meetings to ensure welfare of all employees.

Streamlined Energy and Carbon Reporting

This is the first year that the Company has been required to report Green House Gas (GHG) emissions in the Directors Report in line with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) regulations 2018.

As the sponsor of pension plans and not having any direct commercial activity in the U.K., only one director has a company car but due to COVID-19 pandemic there were only few journeys undertaken during 2020. Similarly, the Company's office in Luton was unoccupied during majority of 2020. Consequently, the Company consumed less than 40MWh and is therefore a low energy user. That means that the Company is not required to make detailed disclosures of energy and carbon information. Aside of the pensions mentioned, the Company did not enter into any other activity that would lead to any significant or material GHG emissions.

General Motors Europe Limited

Strategic report (continued) for the year ended 31 December 2020


Business outlook

The Company's covenant remains strong and it remains committed to funding the UK pension plans. In 2018, the Company prefunded its contribution commitments up to 2021. It signed up to a new Schedule of Contributions (SoC) in March 2021. Under the new SoC, the Company has committed itself to a further £195 million of contribution over a three-year period from 2022 to 2024 thus confirming its continued commitment to the UK pension plans.

The COVID-19 pandemic continues to impact the UK pension plans. During 2020, as the impact of the pandemic and the national lock downs spread across the world, initially the global markets declined sharply. Some asset classes (Equities and Property) suffered more than others (Bonds). But as the year progressed the markets stabilised, and the plans investments continued to recover steadily throughout 2020. The plans ended 2020 outperforming its overall benchmark. Since then the investments have remained flat at the 2020 year-end levels but overall, the investments of the UK pension plans remain stable. With all pension plans having an allocation in Liability Driven Investments (LDI), some of the assets have moved in line with the liabilities which has meant that the funding status of the pension plans has remained relatively stable too. GM (VML) pension plan (the largest of the four pension plans) was 96% funded at the end of 2020 whilst other pension plans are in surplus.

Overall, the UK pension plans continue to operate normally, and the Company remains financially sound to continue meeting its obligation.

This report was approved by the board on 15 June 2021 and signed on its behalf.


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V Khare
Director

General Motors Europe Limited

Directors' report for the year ended 31 December 2020

The Directors of General Motors Europe Limited ("the Company") present their report and the audited financial statements for the year ended 31 December 2020.

Results and dividends

The loss for the year, after taxation, amounted to £10.9 million (2019: Loss £9.4 million).

The Directors do not recommend the payment of a dividend (2019: £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

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

The financial statements have been prepared on a going concern basis as, after making appropriate inquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence until December 2022. The principal activity of the Company is to act as the sponsoring company for four United Kingdom (UK) pension plans of General Motors Company (GMC). Its ability to successfully act as the sponsor relies on (i) continued funding from the ultimate parent company and, (ii) financial performance of the UK pension plans. Therefore, in deciding the Company's capacity to operate as a going concern, in terms of its ability to continue its operations and meet its liabilities, the board has been particularly cognizant of the on-going impact of COVID-19 pandemic and the global semi-conductor shortage.

The Company is part of the Annual Funding Plan (AFP) of the parent company (GMC). Under the AFP, GMC sets out an annual plan for ensuring sufficient liquidity for all the group companies in the AFP. It is an annual plan revised in March each year whereby the companies are funded through actual transfer of funds and it is executed through the treasury company of GMC.

Under the 2021 AFP, GMC has earmarked \$131 million (£92.20 million) of funding for the Company for 2021. As part of that plan, fresh capital of £46 million was injected into the Company in March 2021 to further strengthen its balance sheet and to maintain the liquidity in the Company above the level agreed as part of its commitment to UK pension plans. As at 31 May 2021, the Company had deposits of \$134 million (£97.10 million) on intercompany cash-pooling accounts, whilst its next contribution into the GM (VML) Pension Plans of £78.80 million is not due until 31 December 2022.

General Motors Europe Limited

Directors' report (continued) for the year ended 31 December 2020

The impact of COVID-19 pandemic continues to be unpredictable. Initially, as the impact of the pandemic and the national lockdowns spread across the world, the global markets declined sharply. Some asset classes (Equities and Property) suffered more than others (Bonds). But since then, the markets stabilised and the plans investments continued to recover steadily throughout 2020. The plans ended 2020 outperforming its overall benchmark by 50 basis points (11.77% actual return vs 11.27% benchmark return). Since then, the investments have remained flat at the 2020 year-end levels but overall, the investments of the UK pension plans remain stable. With all pension plans having an average allocation of 62% investments in matching assets of which 31% is in Liability Driven Investments (LDI), some of the assets have moved in line with the liabilities which has meant that the funding status of the pension plans has remained relatively stable too.

The Company has recently completed a valuation exercise for GM (VML) Pension Plan, GM (IBC) Pension Plan and GM (VACPF) Pension Fund. Whilst GM (IBC) Pension Plan and GM (VACPF) Pension Fund are fully funded, the Company has agreed to fund the GM (VML) Pension Plan for £194m over three years starting 2022. The funding for 2022 commitment of £78.80 million has already been received by the Company and funding future years would be included in the GMC's AFPs of those years.

Based on facts mentioned above, the Directors believe that the Company has adequate resources to meet its obligations as they fall due and, therefore it is appropriate to prepare the accounts on a going concern basis.

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.

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 judgements 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.

General Motors Europe Limited

Directors' report (continued) for the year ended 31 December 2020

Directors' responsibilities statement (continued)

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 is aware of that information.


Independent auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

Events after the end of the reporting period

As part of the 2021 Annual Funding Plan, fresh capital of £46 million was injected into the Company in March 2021 to further strengthen its balance sheet and to maintain the liquidity of the Company above the level agreed as part of its commitment to UK pension plans.

This report was approved by the board on 15 June 2021 and signed on its behalf.


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V Khare
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENRAL MOTORS EUROPE LIMITED

Opinion

We have audited the financial statements of General Motors Europe Limited for the year ended 31 December 2020 which comprise the Profit and Loss Account, the Statement of other comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 17, 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 company's affairs as at 31 December 2020 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 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.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENRAL MOTORS EUROPE LIMITED (continued)

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 course of 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 themselves. 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 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 directors' report have 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 strategic report or 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 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 GENRAL MOTORS EUROPE LIMITED (continued)

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

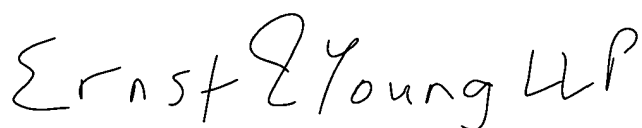
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 (SI 2008-409), and the Companies Act 2006) and the relevant direct tax compliance regulation in the United Kingdom.
- We understood how General Motors Europe Limited is complying with those frameworks by holding enquiries with management to understand how the Company maintains and communicates its policies and procedures in these areas. We further checked the accounting standards adopted and compliance with the above laws.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by obtaining and reading internal policies about related party transactions and code of conduct, holding enquiries of management as to established policies and procedures that exist in relation to laws and regulations.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
 - Enquiry of management as to any fraud risk framework within the entity.
 - Enquiry of management around actual and potential litigation and claims.
 - Audit the risk of management override of controls through testing journal entries using data analytics, and other adjustments for appropriateness.
 - Challenge judgements made by management over pension obligation. This included corroborating the inputs and considering contradictory evidence.
 - Read financial statement disclosures and test to supporting documentation to assess compliance with applicable laws and regulations.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENRAL MOTORS EUROPE LIMITED (continued)

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.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Anup Sodhi (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Luton

15 June 2021

General Motors Europe Limited

Profit and loss account for the year ended 31 December 2020

	Notes	<u>2020</u> £m	<u>2019</u> £m
Administrative expenses		<u>(10.3)</u>	<u>(4.4)</u>
Operating loss		(10.3)	(4.4)
Impairment of investments	11	(8.4)	(25.5)
Income from shares in group undertakings	11	-	12.9
Interest receivable and similar income	8	0.2	0.2
Interest payable and similar expenses	9	<u>-</u>	<u>(2.6)</u>
Loss before tax		(18.5)	(19.4)
Tax on loss	10	<u>7.6</u>	<u>10.0</u>
Loss for the financial year		<u>(10.9)</u>	<u>(9.4)</u>

The Company's results are derived from continuing operations.

The notes on pages 16 to 34 form part of these financial statements.

General Motors Europe Limited

Statement of other comprehensive income for the year ended 31 December 2020

		<u>2020</u>	<u>2019</u>
	Note	£m	£m
Loss for the financial year		<u>(10.9)</u>	<u>(9.4)</u>
Other comprehensive expense:			
Actuarial loss on defined benefit schemes	14	<u>(138.6)</u>	<u>(94.2)</u>
Total comprehensive expense for the year		<u>(149.5)</u>	<u>(103.6)</u>

The notes on pages 16 to 34 form part of these financial statements.

General Motors Europe Limited

Statement of financial position as at 31 December 2020

	Notes	2020 £m	2019 £m
Fixed assets			
Investments	11	3.2	-
Current assets			
Debtors	12	62.0	62.6
Cash and cash equivalents		0.1	-
		<u>62.1</u>	<u>62.6</u>
Current liabilities			
Creditors: amounts falling due within one year	13	(4.0)	(1.3)
Net assets		61.3	61.3
Defined benefit pension schemes liability	14	(351.6)	(202.4)
Net liabilities		(290.3)	(141.1)
Capital and reserves			
Called up share capital	15	932.0	932.0
Share premium account		92.0	92.0
Foreign exchange reserve		(78.6)	(78.6)
Profit and loss account		(1,235.7)	(1,086.5)
Total deficit		(290.3)	(141.1)

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 15 June 2021.



V Khare
Director

The notes on pages 16 to 34 form part of these financial statements.

General Motors Europe Limited

Statement of changes in equity for the year ended 31 December 2020

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total deficit
	£m	£m	£m	£m	£m
At 1 January 2020	932.0	92.0	(78.6)	(1,086.5)	(141.1)
Loss for the financial year	-	-	-	(10.9)	(10.9)
Share based payment	-	-	-	0.3	0.3
Actuarial loss on defined benefit pension schemes	-	-	-	(138.6)	(138.6)
Total comprehensive loss for the year	-	-	-	(149.2)	(149.2)
At 31 December 2020	932.0	92.0	(78.6)	(1,235.7)	(290.3)

Statement of changes in equity for the year ended 31 December 2019

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total deficit
	£m	£m	£m	£m	£m
At 1 January 2019 (as restated)	932.0	92.0	(78.6)	(982.9)	(37.5)
Loss for the financial year	-	-	-	(9.4)	(9.4)
Actuarial loss on defined benefit pension schemes	-	-	-	(94.2)	(94.2)
Total comprehensive loss for the year	-	-	-	(103.6)	(103.6)
At 31 December 2019	932.0	92.0	(78.6)	(1,086.5)	(141.1)

The notes on pages 16 to 34 form part of these financial statements.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2020

1. General information

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 2020

3. Summary of significant accounting policies (continued)

3.4. Going concern

The financial statements have been prepared on a going concern basis as, after making appropriate inquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence until December 2022. The principal activity of the Company is to act as the sponsoring company for four United Kingdom (UK) pension plans of General Motors Company (GMC). Its ability to successfully act as the sponsor relies on (i) continued funding from the ultimate parent company and, (ii) financial performance of the UK pension plans. Therefore, in deciding the Company's capacity to operate as a going concern, in terms of its ability to continue its operations and meet its liabilities, the board has been particularly cognizant of the on-going impact of COVID-19 pandemic and the global semi-conductor shortage.

The Company is part of the Annual Funding Plan (AFP) of the parent company (GMC). Under the AFP, GMC sets out an annual plan for ensuring sufficient liquidity for all the group companies in the AFP. It is an annual plan revised in March each year whereby the companies are funded through actual transfer of funds and it is executed through the treasury company of GMC.

Under the 2021 AFP, GMC has earmarked \$131 million (£92.20 million) of funding for the Company for 2021. As part of that plan, fresh capital of £46 million was injected into the Company in March 2021 to further strengthen its balance sheet and to maintain the liquidity in the Company above the level agreed as part of its commitment to UK pension plans. As at 31 May 2021, the Company had deposits of \$134 million (£97.10 million) on intercompany cash-pooling accounts, whilst its next contribution into the GM (VML) Pension Plans of £78.80 million is not due until 31 December 2022.

The impact of COVID-19 pandemic continues to be unpredictable. Initially, as the impact of the pandemic and the national lockdowns spread across the world, the global markets declined sharply. Some asset classes (Equities and Property) suffered more than others (Bonds). But since then, the markets stabilised and the plans investments continued to recover steadily throughout 2020. The plans ended 2020 outperforming its overall benchmark by 50 basis points (11.77% actual return vs 11.27% benchmark return). Since then, the investments have remained flat at the 2020 year-end levels but overall, the investments of the UK pension plans remain stable. With all pension plans having an average allocation of 62% investments in matching assets of which 31% is in Liability Driven Investments (LDI), some of the assets have moved in line with the liabilities which has meant that the funding status of the pension plans has remained relatively stable too.

The Company has recently completed a valuation exercise for GM (VML) Pension Plan, GM (IBC) Pension Plan and GM (VACPF) Pension Fund. Whilst GM (IBC) Pension Plan and GM (VACPF) Pension Fund are fully funded, the Company has agreed to fund the GM (VML) Pension Plan for £194m over three years starting 2022. The funding for 2022 commitment of £78.80 million has already been received by the Company and funding future years would be included in the GMC's AFPs of those years.

Based on facts mentioned above, the Directors believe that the Company has adequate resources to meet its obligations as they fall due and, therefore it is appropriate to prepare the accounts on a going concern basis.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2020

3. Summary of significant accounting policies (continued)

3.5 Foreign currencies

(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 reporting 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.

3.7 Share-based payments

The Company participates in a share-based payment arrangement established by a group company, the Company takes advantage of the alternative treatment allowed under Section 26 of FRS 102.

An expense is recognised in the profit or loss account with a corresponding entry in liability or equity.

3.8 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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting 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.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2020

3. Summary of significant accounting policies (continued)

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 reporting 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.

3.9 Fixed asset investments

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

3.10 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.

3.11 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.

3.12 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.

3.13 Financial Instruments

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

(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.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2020

3. Summary of significant accounting policies (continued)

3.13 Financial Instruments (continued)

(ii) Financial liabilities

Basic financial liabilities, including amounts owed to group undertakings and 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.

3.14 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"), the General Motors (IBC) Pension Plan ("GM (IBC) Plan"), the General Motors Retirees Pension Plan ("GMRPP"), and the General Motors (VACPF) 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 reporting date.

Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the statement of financial position.

In accordance with FRS 102 the fair value of the pension schemes is reported in the statement of financial position of the Company. The movements in the fair value of the schemes are reported in the statement of other comprehensive income. 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.

3.15 Called up share capital

Ordinary shares are classified as equity.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2020

3. Summary of significant accounting policies (continued)

3.16 Share premium

The share premium account represents the difference between the par value of the shares issued and the subscription or issue price.

3.17 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 wholly owned.

4. Critical accounting judgments 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 judgments, 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 judgments in applying the Company's accounting policies.

The Company has not made any critical accounting judgments 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 reporting 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

For impairment purposes, the Company considers the net present value of future cash flows when valuing fixed asset investments. 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 2020 is disclosed in Note 11.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2020

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

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 2020 and the key financial assumptions used to measure the obligation are disclosed in Note 14.

5. Employees

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

	<u>2020</u>	<u>2019</u>
	<u>No.</u>	<u>No.</u>
Administration	<u>18</u>	<u>19</u>

Staff costs, including Directors' remuneration, were as follows:

	<u>2020</u>	<u>2019</u>
	<u>£m</u>	<u>£m</u>
Wages and salaries	0.8	1.1
Social security costs	-	0.1
Pension costs	-	0.2
	<u>0.8</u>	<u>1.4</u>

6. Directors' remuneration

One Director received the following remuneration from the Company:

	<u>2020</u>	<u>2019</u>
	<u>£'000</u>	<u>£'000</u>
Director emoluments	96.0	91.0
Director pension contributions	18.0	18.0
	<u>114.0</u>	<u>109.0</u>

The other Director of the Company is an employee of another GM Group Company and no part of any remuneration received from that Company was in respect of duties performed relating to General Motors Europe Limited.

During the year, retirement benefits were accruing to 1 Director (2019: 1) in respect of defined benefit pension schemes.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2020

7. Auditors' remuneration

The Company incurred audit fees payable for the audit of the Company's annual accounts of £27,000 (2019: £27,000).

8. Interest receivable and similar income

	<u>2020</u>	<u>2019</u>
	£m	£m
Loans to group undertakings	<u>0.2</u>	<u>0.2</u>

9. Interest payable and similar expenses

	<u>2020</u>	<u>2019</u>
	£m	£m
Loans from group undertakings	<u>-</u>	<u>2.6</u>

10. Taxation

	<u>2020</u>	<u>2019</u>
	£m	£m
Corporation tax		
Current tax on loss for the year	(7.6)	(10.1)
Adjustments in respect of previous periods	<u>-</u>	<u>0.1</u>
Total current tax	<u>(7.6)</u>	<u>(10.0)</u>
Taxation on loss on ordinary activities	<u>(7.6)</u>	<u>(10.0)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	<u>2020</u>	<u>2019</u>
	£m	£m
Loss on ordinary activities before tax	<u>(18.5)</u>	<u>(19.4)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(3.5)	(3.7)
Effects of:		
Expenses not deductible for tax purposes	1.6	4.8
Adjustments to tax charge in respect of prior periods	-	0.1
Non taxable dividends received	-	(2.4)
Timing differences	<u>(5.7)</u>	<u>(8.8)</u>
Total tax charge for the year	<u>(7.6)</u>	<u>(10.0)</u>

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2020

10. Taxation (continued)

As at 31 December 2020, the amount of unused tax losses is £262 million (2019: £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

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 3rd March 2021. It was announced that the corporation tax rate will increase, from 19% to 25% on 1st April 2023.

As this change in UK Corporation tax rate has not been substantially enacted at the balance sheet date, and will not occur until 1st April 2023, its effects are not included in these financial statements.

11. Fixed asset investments

	Investments in subsidiaries £m
Cost or valuation	
At 1 January 2020	25.5
Additions	11.6
Disposals	<u>(33.9)</u>
At 31 December 2020	<u>3.2</u>
Impairment	
At 1 January 2020	25.5
Charge for the period	8.4
Disposals	<u>(33.9)</u>
At 31 December 2020	<u>-</u>
Net book value	
At 31 December 2020	<u><u>3.2</u></u>
At 31 December 2019	<u><u>-</u></u>

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2020

11. Fixed asset investments (continued)

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

Subsidiary undertakings

Name	Country of incorporation	Principal activity
GM Speciality Vehicles UK Limited (formerly: Global Tooling Service Company Europe Limited)	100 New Bridge Street, London EC4V 6JA	Letting on hire of machine tooling.

During the year, the Company did not receive dividends from its investments (2019: £12.9 million).

On 29 February 2020, the Company disposed 100% of the ordinary share capital of GM Global Propulsion Systems Torino S.r.l for a consideration of €1,000 (£847). Prior to sale, the Company made a capital contribution of £8.4 million to GM Global Propulsion Systems Torino S.r.l to improve the net working capital position of the operations and in return, GM Global Propulsion Systems Torino S.r.l repaid an outstanding balance to GM Holding U.K. No. 1 Limited.

In December 2020, GM undertook a legal entity restructuring project designed to simplify the General Motors corporate group. As part of that project it was decided that the Company will purchase the entire issued share capital of GM Speciality Vehicles UK Limited (formerly: Global Tooling Service Company Europe Limited) from GM Global Holdings GmbH & Co. KG.

As part of the above-mentioned restructuring project, on 18 December 2020, the Company issued a promissory note to GM Global Holdings GmbH & Co. KG totaling £3.2 million for the acquisition of GM Speciality Vehicles UK Limited (formerly: Global Tooling Service Company Europe Limited). The promissory note matures on 30 September 2021 and bears interest at 3%. There were no arrangement fees charged for this funding.

The acquisition is within the 'permitted activities' as set out in the Pensions Framework Agreements for each of the UK Pension Plans and there was no divestiture of any business or assets of the company to complete this acquisition.

12. Debtors

	2020	2019
	£m	£m
Amounts owed by group undertakings	54.3	52.5
Corporation tax	7.6	10.1
Other debtors	0.1	-
	62.0	62.6

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.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2020

13. Creditors: amounts falling due within one year

	2020	2019
	£m	£m
Amounts owed to group undertakings	3.2	-
Other creditors	0.8	1.3
	<u>4.0</u>	<u>1.3</u>

In December 2020, GM undertook a legal entity restructuring project designed to simplify the General Motors corporate group. As part of that project, it was decided that the Company will purchase the entire issued share capital of GM Speciality Vehicles UK Limited (formerly: Global Tooling Service Company Europe Limited) from GM Global Holdings GmbH & Co. KG by issuing a promissory note amounting to £3.2 million which bears interest at 3% and will mature on 30 September 2021. There are no arrangement fees associated with the promissory note.

14. Pensions

As a condition of the sale of Vauxhall Motors Limited and IBC Vehicles Limited to PSA Group, 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"), the General Motors (IBC) Pension Plan ("GM (IBC) Plan"), the General Motors Retirees Pension Plan ("GMRPP"), and the General Motors (VACPF) 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 contribution" type scheme named the General Motors Europe GPP (GMELGPP). The GMELGPP is administered by Fidelity on behalf of the Company and its assets are held by independent managers.

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.

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2020

14. Pensions (continued)

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. The latest actuarial valuations of the GM (VML) Plan, the GM (IBC) Plan and the VACPF were completed as at an effective date of 1 January 2020, the latest actuarial valuation of the Retirees Plan was completed as at an effective date of 31 December 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 valuations for the GM (VML) Plan and the GM (IBC) Plan were based on census data collected as at 1 October 2020 and adjusted for benefits paid from the Plans between 1 October 2020 and 31 December 2020. The most recent annual accounting disclosure valuation for the GM (VACPF) Fund was based on census data collected as at 1 October 2019 and adjusted for benefits paid from the Fund between 1 October 2019 and 31 December 2020.

Pension cost

The Company's total pension cost for 2020 was £10.6 million (of which £6.6 million relates to operating cost). Over the period there were no costs in relation to special termination benefits. The Company's total pension cost for 2019 was £7.1 million (of which £4.5 million relates to operating cost).

Contributions to the pension plan

As part of the GM (VML) Plan's Schedule of Contributions, dated March 2021, the Company agreed to pay normal contributions equivalent to 37.4% of Pensionable Salaries for the period 1 April 2021 to 31 March 2026 in respect of active members' benefit accrual. The Company also agreed to pay one-off payments of £78.8 million in 2022, £80 million in 2023 and £35.1 million in 2024 before 31 December for each respective 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 March 2026. 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 2023) is finalised.

As part of the GM (IBC) Plan's Schedule of Contributions, dated March 2021, the Company agreed with the trustee of the pension plan that no additional contribution needs to be paid into the pension plan. At the date of the valuation, the actuarial shortfall was calculated to be £1.6 million and it was agreed that the assumed investment return over the period of recovery of the plan would be sufficient to remove the shortfall. However, 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 March 2026. 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 2023) is finalised.

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

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2020

14. Pensions (continued)

As part of the GM (VACPF) Fund's Schedule of Contributions, dated March 2021, the Company agreed with the trustee of the pension plan that no additional contribution needs to be paid into the pension fund. At the date of the valuation, the actuarial shortfall was calculated to be £0.1 million and it was agreed that the assumed investment return over the period of recovery of the fund would be sufficient to remove the shortfall. However, the Company has agreed to pay amounts in respect of the GM (VACPF) Fund's annual Pension Protection Fund levy over the period ending 31 March 2026. The Schedule of Contributions will be re-assessed as part of the GM (VACPF) Fund's future triennial valuations when the next such valuation (effective date 1 January 2023) is finalised. In December 2020 a transfer of £14 million was made from the Retirees Plan to the GM (VACPF) Fund to further boost the funding position of the pension fund.

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.

Recognition of pension surplus

Three of the four pension plans managed by the Company have an actuarial surplus. As at 31 December 2020, the GM (IBC) Pension Plan had a surplus of £8.2 million, the GM (VACPF) Fund had a surplus of £10.8 million and the GM Retirees Plan had a surplus of £0.3 million. Having considered the current requirements and tests set out in paragraph 28.22 of FRS 102, the Directors have concluded that the Company has the right to recognise these surpluses in its statement of financial position.

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).

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2020

14. Pensions (continued)

Employee benefit obligations

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

	<u>2020</u>	<u>2019</u>
	<u>£m</u>	<u>£m</u>
Effect of employee service in the current period	0.3	0.3
Net interest on net defined benefit liability	4.0	2.6
Plan introductions, changes, curtailments and settlements	<u>2.3</u>	<u>-</u>
Defined benefit cost recognised in the profit and loss account	6.6	2.9
Administration costs incurred during the period	<u>4.0</u>	<u>4.2</u>
Cost recognised in the profit and loss account	<u>10.6</u>	<u>7.1</u>

The actual return on plan assets was £340 million.

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

	<u>2020</u>	<u>2019</u>
	<u>£m</u>	<u>£m</u>
Actuarial loss arising during the period	423.3	399.1
Return on plan assets greater/(less) than discount rate	(278.2)	(298.6)
Change in irrecoverable surplus	<u>(6.5)</u>	<u>(6.3)</u>
Remeasurement effects recognised in other comprehensive income	<u>138.6</u>	<u>94.2</u>

The total cost relating to the schemes are as follows:

	<u>2020</u>	<u>2019</u>
	<u>£m</u>	<u>£m</u>
Cost recognised in the profit and loss account	10.6	7.1
Remeasurement gains recognised in other comprehensive income	<u>138.6</u>	<u>94.2</u>
Defined benefit cost	<u>149.2</u>	<u>101.3</u>

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2020

14. Pensions (continued)

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

	Value at 31 December 2020	Value at 31 December 2019
	£m	£m
Present value of defined benefit obligations	(3,629.4)	(3,295.4)
Fair value of scheme assets	3,280.2	3,101.8
	(349.2)	(193.6)
Irrecoverable surplus (effect of asset ceiling)	(2.4)	(8.8)
Net defined benefit liability	(351.6)	(202.4)

Made up of:

	Fair value at 31 December 2020	Fair value at 31 December 2019
	£m	£m
Opening net defined benefit liability	(202.4)	(101.3)
Interest cost	(4.0)	(2.6)
Remeasurement effects	(138.6)	(94.2)
Effect of employee service in the current period	(0.3)	(0.3)
Plan introductions, changes, curtailments and settlements	(2.3)	-
Employer contributions	0.1	0.2
Expenses	(4.1)	(4.2)
Net defined benefit liability	(351.6)	(202.4)

Changes in the defined benefit obligation are as follows:

	2020	2019
	£m	£m
Opening defined benefit obligation	3,295.4	2,923.4
Effect of employee service in the current period	0.3	0.3
Net interest on net defined benefit liability	65.3	83.0
Remeasurement effects recognised in other comprehensive income	423.3	399.1
Plan introductions, changes, curtailments and settlements	(46.6)	-
Benefits paid from plan assets	(108.3)	(110.4)
Closing defined benefit obligation	3,629.4	3,295.4

General Motors Europe Limited

Notes to the financial statements for the year ended 31 December 2020

14. Pensions (continued)

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

	2020	2019
	£m	£m
Opening fair value of plan assets	3,101.8	2,837.2
Interest income on plan assets	61.3	80.4
Return on plan assets greater/(less) than discount rate	278.2	298.6
Plan introductions, changes, curtailments and settlements	(48.9)	-
Employer contributions	0.1	0.2
Benefits paid	(108.3)	(110.4)
Administration costs paid	(4.0)	(4.2)
Closing fair value of plan assets	3,280.2	3,101.8

The major categories of plan assets are as follows:

	Value at 31 December 2020	Value at 31 December 2019
	£m	£m
Equities	810.6	717.5
Property	278.8	276.9
Government and non-government bonds	998.5	982.1
Other	1,145.9	1,075.2
Annuity policy	46.4	50.1
Total fair value of assets	3,280.2	3,101.8

Included in the fair value of plan assets are financial instruments issued by a group company with a value of £2.2 million (2019: £0.3 million).

The Company made contributions to the Plans of £0.1 million during 2020. The Company expects contributions of £0.1 million to be paid to the GM (VML) Plan in 2021.

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Notes to the financial statements for the year ended 31 December 2020

14. Pensions (continued)

The principal actuarial assumptions at the statement of financial position date were:

31 December 2020

		VMLPP	IBCPP	GMRPP	VACPF
		1 Oct	1 Oct	1 Oct	1 Oct
		2020	2020	2020	2020
Discount rate for scheme liabilities	% pa	1.5	1.5	0.0	1.3
RPI inflation	% pa	2.9	2.9	2.9	2.9
CPI inflation	% pa	2.4	2.4	2.4	2.4
Rate of salary increase	% pa	2.9	n/a	n/a	n/a
Pension increase for in-payment benefits					
- Guaranteed LPI (RPI to maximum of 5%)	% pa	2.8	2.8	2.8	2.8
- Guaranteed LPI (RPI to maximum of 2.5%)	% pa	1.9	1.9	n/a	n/a
- Discretionary increases	% pa	0.0	0.0	n/a	n/a
- Post 88 GMP increase	% pa	2.1	2.1	2.1	2.1
Pension increases for deferred benefits	% pa	2.4	2.4	2.4	2.4
Life expectancies used in the mortality assumptions:					
of a member currently aged 65	Male	21.5	20.7	22.6	21.1
of a member currently aged 65	Female	23.1	23.5	24.7	22.3
at age 65 of a member currently aged 50	Male	22.4	21.7	24.1	22.5
at age 65 of a member currently aged 50	Female	24.3	24.6	26.1	23.8
Net defined benefit surplus/(liability):					
		£m	£m	£m	£m
Fair value of plan assets		2,835.1	385.1	0.6	59.4
Defined benefit obligation		(3,206.0)	(376.9)	-	(46.6)
Irrecoverable surplus		-	-	(0.3)	(2.0)
Net defined benefit surplus/(liability)		(370.9)	8.2	0.3	10.8

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Notes to the financial statements for the year ended 31 December 2020

14. Pensions (continued)

31 December 2019

		VMLPP 1 Oct 2019	IBCPP 1 Oct 2019	GMRPP 1 Oct 2019	VACPF 1 Oct 2019
Discount rate for scheme liabilities	% pa	2.0	2.0	1.8	1.9
RPI inflation	% pa	2.9	2.9	2.9	2.9
CPI inflation	% pa	2.2	2.2	2.2	2.2
Rate of salary increase	% pa	2.9	n/a	n/a	n/a
Pension increase for in-payment benefits					
- Guaranteed LPI (RPI to maximum of 5%)	% pa	2.8	2.8	2.8	2.8
- Guaranteed LPI (RPI to maximum of 2.5%)	% pa	1.8	1.8	n/a	n/a
- Discretionary increases	% pa	0.0	0.0	n/a	n/a
- Post 88 GMP increase	% 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	21.6	21.4	22.5	21.0
of a member currently aged 65	Female	23.7	22.4	24.6	22.5
at age 65 of a member currently aged 50	Male	22.9	22.7	24.0	22.4
at age 65 of a member currently aged 50	Female	25.1	23.9	26.0	23.9
Net defined benefit surplus/(liability):					
		£m	£m	£m	£m
Fair value of plan assets		2,627.5	357.2	66.1	51.0
Defined benefit obligation		(2,847.1)	(352.5)	(50.5)	(45.3)
Irrecoverable surplus		-	-	(8.8)	-
Net defined benefit surplus/(liability)		(219.6)	4.7	6.8	5.7

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Notes to the financial statements for the year ended 31 December 2020

15. Share capital and reserves

	<u>2020</u> £m	<u>2019</u> £m
Allotted, called up and fully paid		
932,004,302 Ordinary shares of £1 each	<u>932.0</u>	<u>932.0</u>

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

Following a share issue on 10 September 2018 of 1 ordinary share capital, a share premium balance of £91,999,999 was created. The share premium account represents the difference between the par value of the share issued and the subscription or issue price.

The profit and loss account 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 2020, 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 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 LLC, a Company also incorporated in the United States of America on 25 October 2019 as part of a group restructure.

17. Events after the end of the reporting period

As part of the 2021 Annual Funding Plan, fresh capital of £46 million was injected into the Company in March 2021 to further strengthen its balance sheet and to maintain the liquidity of the Company above the level agreed as part of its commitment to UK pension plans.