

Company Registration No. 135767

VAUXHALL MOTORS LIMITED

Report and Financial Statements

31 December 2006



VAUXHALL MOTORS LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

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VAUXHALL MOTORS LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K J Benjamin
J Browning
C W Parfitt
K Ward

SECRETARY

K J Benjamin

REGISTERED OFFICE

Griffin House
Osborne Road
Luton
Bedfordshire LU1 3YT

BANKERS

Barclays Bank PLC

ACTUARIES

Hewitt Bacon & Woodrow Limited
Epsom,
Surrey

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
London

VAUXHALL MOTORS LIMITED

DIRECTORS' REPORT

The Directors of Vauxhall Motors Limited ("the Company") present their annual report together with the audited financial statements and independent auditors' report for the year ended 31 December 2006

PRINCIPAL ACTIVITIES

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

The Company's vehicle and component manufacturing activities are located at Ellesmere Port, Cheshire where the Astra is produced

The Company's sales and marketing activities, as well as corporate headquarters' functions, are located in Luton at Griffin House. The after-sales parts warehouse is situated at Toddington Road in Luton

BUSINESS REVIEW

The Company is part of the General Motors Corporation ("GM"), which is listed on the New York Stock Exchange (NYSE ticker GM). GM's results for the past 12 months, which include those of Vauxhall, were released on 15 March 2007

The Company reported a loss before tax in 2006 of £18.7 million (2005 as restated - £148.1 million). This improved financial performance is mainly driven by net price and sales mix improvements leading to a higher average profit margin per unit in 2006

Vauxhall held its second place in the retail car market and closed the gap to the market leader by 0.8 percent by increasing its retail volume by 7,735 units and share of the retail car market by 1.1 percent versus 2005. Vauxhall also achieved second place in the UK Fleet market despite a planned reduction in short cycle, lower margin business

Overall, Vauxhall's 2006 share of the UK car market did marginally decline versus 2005 at 12.9 percent, (from 13.0 percent) with 301,679 registrations (317,353 in 2005) in a market that declined year on year by 3.9 percent (94,853 unit decline). However, this was expected as part of the Company's strategy to improve sales mix and underlying profitability

Vauxhall's sales of commercial vehicles in 2006 were 47,816 units versus 52,481 in 2005 in a market that increased year on year by 1.3 percent (4,232 unit increase). Vauxhall still ended the year in second place in the commercial vehicle market with a market share of 14.6 percent (16.3 percent in 2005). The year on year volume and share reductions were again heavily influenced by lower sales to rental companies in 2006

Key highlights of the year were the successful launches of the New Corsa, New Astravan, New Astra Twin Top and a new VXR Meriva

2006 was a good year for awards for the whole range and also for individual models. Astra Twin Top was awarded the Convertible award by Auto Express. Zafira 1.9CDTi achieved the accolade of Greenest MPV from What Car? and was also awarded the Test Drive Magazine's Best Buys 2006 Gold award. Tigra achieved the Greenest Open Top Car in the What Car? Car of the Year 2006 awards

Commercial Vehicles also gathered several awards including the Vivaro which claimed four awards including the What Van? Best Small Panel Van 2006, the AA-AAL-MPG Marathon Winner, Van of the Year 2006 from the Professional Van and Light Truck Magazine and also the best medium van award for 2006 from Commercial Fleet World. Combo achieved the Commercial Fleet World Best Small Van award for 2006 and Movano picked up the Best Panel Van 13 Cubic Metres and above from Professional Light Truck Magazine for 2006

Total production volume at Ellesmere Port reduced by 21.8 percent compared to 2005, with 147,542 units (2005 - 188,764). This reduction was driven by the removal of the third shift at the Plant. Exports were 83,275 units (2005 - 122,762 units), a reduction of 32.2 percent

VAUXHALL MOTORS LIMITED

DIRECTORS' REPORT (CONTINUED)

FUTURE DEVELOPMENTS

The decision was made early in 2007 to award Ellesmere Port the production of the next generation Astra model. Production will commence in 2009 and will take plant output back to 2005 levels.

Following on from the successful launches in 2006 of a number of key models, including New Corsa, 2007 is also looking busy for new product. The special edition Tigra Exclusiv Red model was launched at the start of 2007, and building on the success of New Corsa, the Corsa VXR was launched later in the year. This new addition to the VXR range boasts some impressive figures with its 1.6 Turbo engine taking it to 60 mph in 6.8 seconds and up to a maximum speed of 140 mph. With the summer 2007 launch of the Antara, Vauxhall will re-enter the Sport Utility Vehicle segment.

FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk and cash flow risk. As these financial risks are managed entirely by the treasury function of the ultimate parent company, the Directors consider these risks are fully mitigated.

ENVIRONMENTAL MATTERS

The Company is a subsidiary of General Motors Corporation ("GM"). GM has for a number of years set itself worldwide energy saving targets as part of its Corporate Responsibility principles.

GM has a long term strategy to cut CO2 emissions across the whole product range. For GM, energy diversity and alternative propulsion technologies that improve fuel economy and reduce emissions are key to developing sustainable transportation. To deliver on this overarching objective, GM has a clear and comprehensive strategy for the development of alternative fuels and advanced propulsion systems, encompassing short, medium and long term objectives.

All GM manufacturing sites are ISO 14001 approved and GM actively encourages its suppliers to gain the same accreditation. GM's goal is to reduce waste as much as possible at its source and otherwise to reuse or recycle as much as is technically and practically possible.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- The Company operates in a competitive market. If the Company does not continue to compete effectively by developing its products and responding to the activities of its competitors it could lose customers and its results, cash flow and financial conditions could be adversely affected.
- The occurrence of major operational problems could have an adverse effect on the Company's results of operations, cash flow and financial condition. The Company's revenues are dependent on the continued operation of its manufacturing facilities. Operational risks include equipment and system failures, supply disruptions, work stoppages, events impeding or increasing the cost of transporting products, natural disasters and terrorist attacks.
- The loss of a significant number of key personnel could adversely affect the Company's results of operations, cash flow and financial condition.
- The Company's reliance on key suppliers could result in an adverse effect on results of operations, cash flow and financial condition if the suppliers are unable to meet their obligations and if the Company were unable to mitigate the effect by securing satisfactory alternative suppliers.
- Breaches of environmental, health and safety and other laws and regulations could restrict the Company's operations, expose it to liability, increase its costs and have an adverse effect on its results of operations, cash flow and financial condition.

POST BALANCE SHEET EVENTS

There are no significant details of any post balance sheet events to be disclosed.

VAUXHALL MOTORS LIMITED

DIRECTORS' REPORT (CONTINUED)

DIVIDENDS

No dividends were paid during 2005 and 2006. No final dividend is proposed for the year ended 31 December 2006.

EMPLOYEE POLICIES

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

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

EMPLOYMENT OF DISABLED PERSONS

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

FIXED ASSETS

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

CREDITOR PAYMENT POLICY

The Company aims to pay all its suppliers within the payment terms negotiated with each individual supplier. At 31 December 2006, the Company's trade creditors represented 62 days of trade purchases (2005 - 59 days).

INVESTMENTS IN DEALERSHIPS

The Company operates a Dealer Investment Plan. The primary objective is to provide financial assistance to suitably qualified candidates to set up dealerships, with the object of buying down the Company's interests in the shortest period possible. This financial support is provided by the Company investing in redeemable preference shares, debentures and loan stock of dealership companies. The Company retains control over major operational decisions until the operator has redeemed an agreed percentage of the preference shares. The Company also maintains a minority stake after buydown which enables it to retain control over strategic decisions, including, for example, use and location of the dealer's sites (see note 11(b) to the accounts).

CHARITABLE AND POLITICAL CONTRIBUTIONS

No donations for political purposes were made during the year (2005 - £nil). The Company's donations for charitable purposes in 2006 totalled £218,446 (2005 - £211,695).

RESEARCH AND DEVELOPMENT

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

VAUXHALL MOTORS LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INDEMNITIES

The Group maintains insurance in respect of the Directors and officers against any such liabilities as are referred to in Section 309A of the Companies Act 1985

DIRECTORS AND THEIR INTERESTS

The present members of the Board of Directors are shown on page 3. There were no changes in Directors during the year and since the year end.

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

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

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

(1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

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

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be put to the Annual General Meeting. In addition, a further resolution will be put to the Meeting authorising the Directors to determine the Auditors' remuneration.

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

K Ward
Director



16 July 2007

VAUXHALL MOTORS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VAUXHALL MOTORS LIMITED

We have audited the financial statements of Vauxhall Motors Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movement in shareholders' deficit and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
16 July 2007

VAUXHALL MOTORS LIMITED

PROFIT AND LOSS ACCOUNT **Year ended 31 December 2006**

	Note	2006 £m	2005 as restated £m
TURNOVER	2	<u>3,753.3</u>	<u>3,960.8</u>
Cost of sales			
Exceptional restructuring costs	3	(42.4)	(11.8)
Other cost of sales		<u>(3,412.8)</u>	<u>(3,752.2)</u>
Total cost of sales		<u>(3,455.2)</u>	<u>(3,764.0)</u>
GROSS PROFIT		298.1	196.8
Distribution costs		(295.5)	(308.8)
Administrative expenses		<u>(23.1)</u>	<u>(31.1)</u>
OPERATING LOSS	3	(20.5)	(143.1)
Net interest receivable/(payable) and similar income/(charges)	4	2.1	(4.8)
Other finance charges	17	<u>(0.3)</u>	<u>(0.2)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(18.7)	(148.1)
Tax credit on loss on ordinary activities	5	<u>11.4</u>	<u>87.8</u>
RETAINED LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	19	<u>(7.3)</u>	<u>(60.3)</u>

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

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

VAUXHALL MOTORS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES **Year ended 31 December 2006**

	2006	2005
	£m	as restated £m
Loss for the financial year	(7 3)	(60 3)
Share of actuarial gain/(loss) recognised in the pension scheme (see note 17)	<u>1 3</u>	<u>(1 5)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(6 0)	(61 8)
Prior year adjustment (note 1 – adoption of FRS 20 “Share Based Payment”)	<u>(0 4)</u>	
TOTAL RECOGNISED GAINS AND LOSSES SINCE THE LAST ANNUAL REPORT	<u>(6 4)</u>	

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS’ DEFICIT **Year ended 31 December 2006**

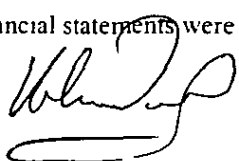
	2006	2005
	£m	as restated £m
Loss for the financial year	(7 3)	(60 3)
Other gains and losses relating to the year	1 3	(1 5)
Movement in share-based payments reserve	<u>0 2</u>	<u>0 2</u>
NET INCREASE IN SHAREHOLDERS’ DEFICIT	(5 8)	(61 6)
Opening shareholders’ deficit	<u>(351 3)</u>	<u>(289 7)</u>
CLOSING SHAREHOLDERS’ DEFICIT	<u>(357 1)</u>	<u>(351 3)</u>

VAUXHALL MOTORS LIMITED**BALANCE SHEET****31 December 2006**

	Note	2006 £m	2005 as restated £m
FIXED ASSETS			
Tangible assets			
- Land, buildings, plant, machinery and equipment	9	257 8	275 0
- Special tools, jigs and dies	10	27 7	28 8
Investments			
- Shares in group undertaking	11a	0 5	0 5
- Other investments	11b	19 3	18 9
		<u>305 3</u>	<u>323 2</u>
CURRENT ASSETS			
Stocks	12	612 6	706 5
Debtors	13	401 5	529 7
Cash at bank and in hand		1 0	0 7
		<u>1,015 1</u>	<u>1,236 9</u>
CREDITORS:			
Amounts falling due within one year	14	<u>(1,477 6)</u>	<u>(1,673 7)</u>
NET CURRENT LIABILITIES		<u>(462 5)</u>	<u>(436 8)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(157 2)</u>	<u>(113 6)</u>
CREDITORS:			
Amounts falling due after more than one year	15	(18 1)	(15 4)
PROVISIONS FOR LIABILITIES	16	<u>(179 0)</u>	<u>(217 7)</u>
NET LIABILITIES EXCLUDING PENSION LIABILITIES		<u>(354 3)</u>	<u>(346 7)</u>
NET PENSION SCHEME LIABILITIES	17	<u>(2 8)</u>	<u>(4 6)</u>
NET LIABILITIES INCLUDING PENSION LIABILITIES		<u><u>(357 1)</u></u>	<u><u>(351 3)</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	45 9	45 9
Capital reserve	19	0 1	0 1
Share-based payments reserve	19	0 6	0 4
Profit and loss account	19	<u>(403 7)</u>	<u>(397 7)</u>
SHAREHOLDERS' DEFICIT		<u><u>(357 1)</u></u>	<u><u>(351 3)</u></u>

These financial statements were approved by the Board of Directors on 16 July 2007 and are signed on its behalf by

K Ward
Director



16 July 2007

NOTES TO THE ACCOUNTS
Year ended 31 December 2006

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and company law. The particular accounting policies adopted, which are consistent with those applied in the prior year (except for Financial Reporting Standard 20 "Share-based Payment" as explained in note 8), are described below.

Accounting basis

The financial statements are prepared on the historical cost basis in conformity with applicable United Kingdom accounting standards. Prior year comparatives have been restated where appropriate to ensure consistency of presentation.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard 1 "Cash Flow Statements" from the requirement to produce a cash flow statement because the Company is a wholly-owned subsidiary of GM Automotive UK, a company incorporated in Great Britain. The results of the Company are consolidated in the accounts of GM Automotive UK (see note 21).

Tangible fixed assets

Freehold land is not depreciated. Freehold and leasehold buildings and plant, machinery and equipment costs are written off over the estimated remaining useful lives on a straight-line basis.

For the major asset categories asset lives are as follows:

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

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

Special tools, jigs and dies

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

Fixed asset investments

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

Fixed asset and special tool leasing

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

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

The capital element of the future lease obligations is recorded as a liability, while the interest element is charged to the profit and loss account over the period of the leases to produce a constant rate of change on the balance of capital repayments outstanding.

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

Taxation

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

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

VAUXHALL MOTORS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

1. ACCOUNTING POLICIES (continued)

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Regional development and assistance grants

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

Stocks and work-in-progress

Stocks and work-in-progress are valued at the lower of cost and net realisable value.

Costs used in the valuation are based either on the 'first in - first out' basis, or on a weighted average basis, and include material, labour and appropriate overheads.

Provision is made for any anticipated obsolescence of stocks.

Foreign currencies

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

Warranty liability on Company products

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

Pensions costs

The Company makes contributions to three pension plans, each of which is of the "defined benefit" type where pensions are determined by an employee's earnings level and length of service. The three plans are the Vauxhall Motors Limited Pension Plan ("VMLPP"), the General Motors Retirees Pension Plan ("GMRPP") and the Vauxhall and Associated Companies Pension Fund ("VACPF").

The VMLPP into which the Company contributes is a multi-employer scheme. In the opinion of the Directors, it is not possible to separate out on a reasonable and consistent basis the assets and liabilities of the scheme between the different group companies that contribute to it. Accordingly, the VMLPP is accounted for on a defined contribution basis within Vauxhall Motors Limited. The pension cost charged in the financial statements in respect of the VMLPP represents the contributions payable by the Company during the year.

The GMRPP and VACPF are accounted for on a defined benefit basis. All three pension schemes are accounted for on a defined benefit basis in the consolidated accounts of GM Automotive UK.

In accordance with FRS 17 the fair value of the pension schemes is reported in the balance sheet of the Company. The movements in the fair value of the scheme are reflected in the performance statements. The current service cost, being the costs of benefits accrued in the reporting period and variations to past service benefits, being the cost or gain of any benefit improvements or reductions that affect past service are recognised within operating costs.

Net interest accrued on pension liabilities and the expected return on the assets held by the scheme are charged or credited as other finance charges or income in the profit and loss account.

Actuarial gains and losses arising from differences between actual and expected returns on the scheme assets, experience changes affecting scheme liabilities and the effects of any changes to actuarial assumptions are charged or credited to the statement of total recognised gains and losses.

VAUXHALL MOTORS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

1. ACCOUNTING POLICIES (continued)

Revenue

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

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

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

Share-based payment

During the year the Company has applied the requirements of Financial Reporting Standard 20 "Share-based Payment" ("FRS20"). In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005. The adoption of the new policy has been made by way of a prior year adjustment as though the revised policy had always been applied. Details of the impact on prior year results are given in note 8 and note 19

The Group, of which Vauxhall Motors Limited is part, issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions

Fair value is measured by use of the Black-Scholes pricing model. The expected term of options represents the period of time that options granted are expected to be outstanding

2. TURNOVER

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

	2006	2005
	£m	£m
Geographical analysis of turnover by destination		
United Kingdom	2,973.4	2,898.7
Rest of Europe	779.0	1,061.4
Rest of the World	0.9	0.7
	<u>3,753.3</u>	<u>3,960.8</u>

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

VAUXHALL MOTORS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

3. OPERATING LOSS

	2006 £m	2005 £m
Operating loss is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets		
- owned	35 5	40 4
Amortisation of special tools, jigs and dies		
- owned	8 5	9 9
Restructuring costs (note 16)	42 4	11 8
Foreign exchange (gain)/loss	(46 4)	15 2
Rentals under operating leases		
- hire of plant and machinery	0 9	1 0
- other operating leases	2 3	2 7
Amortisation of regional development grants	(1 4)	(1 4)
Increase of provision for write down of investments in dealerships	0 1	0 1
Loss on disposal of tangible fixed assets	0 7	2 2
Auditors' remuneration		
- audit fees	0 3	0 3
- other services supplied under section 404 of the US Sarbanes-Oxley Act 2002	0 1	0 1
	<u>0 1</u>	<u>0 1</u>

4. NET INTEREST RECEIVABLE/ (PAYABLE) AND SIMILAR INCOME/(CHARGES)

	2006 £m	2005 £m
Loans from group undertakings	(11 1)	(13 8)
Other interest expense	(0 3)	(1 1)
	<u>(11 4)</u>	<u>(14 9)</u>
Interest payable and similar charges		
Loans to group undertakings	10 3	8 0
Other	3 2	2 1
	<u>13 5</u>	<u>10 1</u>
Interest receivable and similar income		
Net interest receivable/(payable)	<u>2 1</u>	<u>(4 8)</u>

VAUXHALL MOTORS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

5. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	2006 £m	2005 £m
Current tax		
UK corporation tax at 30% (2005 – 30%)	(28 2)	(49 5)
Adjustment in respect of prior periods	(5 7)	(15 8)
	<u>(33 9)</u>	<u>(65 3)</u>
Deferred tax		
Deferred tax (credit)/debit	22 5	(22 5)
	<u>(11 4)</u>	<u>(87 8)</u>

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

	2006 £m	2005 as restated £m
Loss on ordinary activities before tax	<u>(18 7)</u>	<u>(148 1)</u>
Tax at UK rate of 30% thereon	(5 6)	(44 4)
Effects of		
Non-taxable income and expenses not deductible for tax purposes	0 3	(0 1)
Capital allowances in excess of depreciation	(18 2)	(8 4)
Other timing differences	(0 4)	(2 1)
Group relief at nil value	-	5 5
Capital losses utilised	(4 3)	-
Prior period adjustments	(5 7)	(15 8)
Current tax credit for the year	<u>(33 9)</u>	<u>(65 3)</u>

VAUXHALL MOTORS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2006**

6. EMPLOYEES

	2006 No.	2005 No.
a Average monthly number excluding executive directors		
Salaried	929	953
Hourly	2,971	3,901
	<u>3,900</u>	<u>4,854</u>
	2006 £m	2005 £m
b Costs		
Wages and salaries	169.4	164.8
Social security costs	11.2	13.5
Pension costs (see note 17)	38.9	18.5
	<u>219.5</u>	<u>196.8</u>

7 EMOLUMENTS OF DIRECTORS

	2006 £'000	2005 £'000
Directors' emoluments	1,147.0	796.3
Aggregate of contributions paid in respect of money purchase pension schemes	<u>69.4</u>	<u>24.3</u>
	No.	No.
Number of Directors who received, or became eligible to receive, shares during the year	<u>2</u>	<u>6</u>
	No.	No.
Number of Directors who are members of a money purchase pension scheme	4	4
Number of Directors who are members of a defined benefit pension scheme	<u>4</u>	<u>5</u>
	£'000	£'000
In respect of the highest paid Director		
Aggregate emoluments	480.6	204.9
Contributions paid in respect of the money purchase pension scheme	25.5	9.2
Annual pension accrued under a defined benefit pension scheme	<u>23.4</u>	<u>18.5</u>

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

NOTES TO THE ACCOUNTS**Year ended 31 December 2006****8. SHARE-BASED PAYMENTS: EQUITY-SETTLED SHARE OPTION SCHEME**

Vauxhall's share option scheme is The 2002 UK Approved Stock Incentive Plan Of General Motors Corporation And Affiliated Companies ("The UK Sub-Plan") which is administered by the Executive Compensation Committee of the board of directors of General Motors Corporation ("GM"). It is a part of the General Motors 2002 Stock Incentive Plan ("GMSIP").

Option prices are 100% of fair market value on the dates of grant, and the options generally expire 10 years from the dates of grant, subject to earlier termination under certain conditions. Stock option grants awarded are generally exercisable one-third after one year, one-third after two years and fully after three years from the dates of grant. Any shares granted and undelivered under the GMSIP, due primarily to expiration or termination, become again available for grant. GM's policy is to issue treasury shares upon exercise of employee stock options.

Details of the share options outstanding during the year are as follows:

	2006		2005	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
	('000)	(£)	('000)	(£)
Outstanding at beginning of period	113.9	22.02	85.9	23.46
Granted during the period	11.7	20.48	36.3	18.58
Forfeited or expired during the period	-	-	(8.3)	21.97
Exercised during the period	-	-	-	-
Outstanding at the end of the period	125.6	21.87	113.9	22.02
Exercisable at the end of the period	79.7	22.22	41.8	22.39

No UK Sub-Plan options were exercised in the period hence no weighted average share price at the date of exercise for share options exercised during the period has been calculated. The options outstanding at 31 December 2006 had a weighted average exercise price of £21.87, and a weighted average remaining contractual life of 7.1 years. Options were granted on 26 February 2006 (2005 - 24 January 2005) and the aggregate of the estimated fair values of the options granted is £137,000 (2005 - £196,000), of which £73,000 (2005 - £97,000) relates to the Directors. The Company recognised these amounts as total expenses related to equity-settled share-based payment transactions.

The inputs into the Black-Scholes option pricing model are as follows:

	2006	2005
Expected volatility	47.9%	32.5%
Expected life (years)	6.0	6.0
Risk-free rate	4.66%	3.8%
Expected dividend yield	4.7%	5.5%

Expected volatilities are based on both the implied and historical volatility of GM's stock. The expected term of options represents the period of time that options granted are expected to be outstanding. The interest rate for periods during the expected life of the option is based on the US Treasury yield curve in effect at the time of the grant. Weighted average share price is equal to the weighted average exercise price as options are granted at market value.

VAUXHALL MOTORS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2006**

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

	Freehold land and buildings £m	Long leasehold land and buildings £m	Plant, machinery and equipment £m	Total £m
Cost or valuation				
At 1 January 2006	398 1	9 1	470 3	877 5
Additions	2 8	0 1	19 8	22 7
Transfers	0 4	-	(0 4)	-
Disposals	(3 9)	-	(64 2)	(68 1)
At 31 December 2006	<u>397 4</u>	<u>9 2</u>	<u>425 5</u>	<u>832 1</u>
Accumulated depreciation				
At 1 January 2006	278 4	5 2	318 9	602 5
Charge for the year	7 0	0 3	28 2	35 5
Disposals	(2 6)	-	(61 1)	(63 7)
At 31 December 2006	<u>282 8</u>	<u>5 5</u>	<u>286 0</u>	<u>574 3</u>
Net book value				
At 31 December 2006	<u>114 6</u>	<u>3 7</u>	<u>139 5</u>	<u>257 8</u>
At 31 December 2005	<u>119 7</u>	<u>3 9</u>	<u>151 4</u>	<u>275 0</u>

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

	£m
Cost	
At 1 January 2006	42 8
Additions	7 8
Disposals	(0 4)
At 31 December 2006	<u>50 2</u>
Amortisation	
At 1 January 2006	14 0
Charge for the year	8 5
Disposals	-
At 31 December 2006	<u>22 5</u>
Net book value	
At 31 December 2006	<u>27 7</u>
At 31 December 2005	<u>28 8</u>

VAUXHALL MOTORS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2006

11. FIXED ASSET INVESTMENTS

a. Shares in group undertakings

	£m
500,002 £1 ordinary shares in subsidiary at cost	
At 1 January 2006 and at 31 December 2006	0.5

The Company's sole subsidiary is Vauxhall Engineering Centre Limited, which is wholly owned. This company, which is registered in England and Wales, provides automotive product development services. Vauxhall Engineering Centre Limited is not consolidated in these accounts due to its immateriality to the Company. The trade along with all fixed assets and employees of Vauxhall Engineering Centre Ltd was transferred to Vauxhall Motors Ltd on 28 December 2006. It is intended to liquidate Vauxhall Engineering Centre Ltd in due course.

b. Other investments

	2006 £m Cost	2006 £m Provision	2006 £m Net	2005 £m Net
Investments in dealerships	17.1	(1.1)	16.0	14.9
Loans to dealerships	3.0	-	3.0	3.1
Other investments	0.3	-	0.3	0.9
	<u>20.4</u>	<u>(1.1)</u>	<u>19.3</u>	<u>18.9</u>

Investments in dealerships arise as a result of the Company's Dealer Investment Plan. The primary objective of this is to provide financial assistance to suitably qualified candidates to set up dealerships, with the objective of buying down the Company's interests in the shortest period possible. This financial support is provided by the Company investing in redeemable preference shares, debentures and loan stock of dealership companies. The Company retains control over major operational decisions until the operator has redeemed an agreed percentage of the preference shares. The Company also maintains a minority stake after buydown which enables it to retain control over strategic decisions, including, for example, use and location of the dealer's sites. At 31 December 2006, Vauxhall's share of investments in dealerships ranged between 1% and 99%. Investments in dealerships are not consolidated due to their immateriality to the Company.

Information in respect of movements during the year

	Dealerships Investments £m	Loans £m	Other Investments £m	Total £m
Balance at 1 January 2006	14.9	3.1	0.9	18.9
Acquisitions	2.9	0.4	-	3.3
Redemptions, sales and repayments	(1.8)	(0.6)	(0.6)	(3.0)
Movement in provision	-	0.1	-	0.1
Balance at 31 December 2006	<u>16.0</u>	<u>3.0</u>	<u>0.3</u>	<u>19.3</u>

VAUXHALL MOTORS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

12 STOCKS

	2006	2005
	£m	£m
Raw materials and work-in-progress	36 6	37 9
Finished product (motor vehicles)	146 2	190 2
Motor vehicles on consignment	221 6	228 9
Parts and accessories	43 1	51 0
Motor vehicles sold under sale and repurchase agreements	165 1	198 5
	<u>612 6</u>	<u>706 5</u>

13. DEBTORS

	2006	2005
	£m	£m
Amounts falling due within one year		
Trade debtors	55 0	61 9
Amounts owed by General Motors Corporation and fellow subsidiary undertakings	301 6	346 1
Corporation tax	-	68 2
Other debtors	40 0	20 4
Deferred tax asset (see note 16)	-	22 5
Prepayments and accrued income	4 9	10 6
	<u>401 5</u>	<u>529 7</u>

The deferred tax asset recognised at 31 December 2006 is £nil (2005 - £22 5m). This asset, which relates to trading losses incurred in the five years ending 31 December 2005, was recognised in the financial statements following the sale of these assets to another company in the Group.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£m	£m
Trade creditors	205 1	263 4
Amounts owed to General Motors Corporation and fellow subsidiary undertakings	890 1	1,065 8
Corporation tax	56 4	-
Taxation and social security	39 8	40 4
Other creditors	1 8	1 9
Liability for repurchase of specific vehicles sold under sale and repurchase agreements	183 0	200 7
Accruals and deferred income	101 4	101 5
	<u>1,477 6</u>	<u>1,673 7</u>

VAUXHALL MOTORS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2006**

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

	2006 £m	2005 £m
Amounts owed to subsidiary undertakings	-	0.5
Deferred income		
- regional development and assistance grants (see below)	11.8	12.8
Other creditors	6.3	2.1
	<u>18.1</u>	<u>15.4</u>

The value of Regional Development and Assistance Grants to be amortised after more than five years is £5.7 million (2005 - £nil)

16. PROVISIONS FOR LIABILITIES

	Restructuring £m	Other provisions £m	Total £m
At 1 January 2006	20.4	197.3	217.7
Utilised in year	(44.6)	(343.7)	(388.3)
Unused provisions released in the year	(7.8)	(19.0)	(26.8)
Charge to the profit and loss account	42.4	334.0	376.4
	<u>10.4</u>	<u>168.6</u>	<u>179.0</u>
At 31 December 2006	10.4	168.6	179.0

Restructuring

This relates to voluntary separations and contract cancellations following the removal of the third shift and the outsourcing of facilities management at the Ellesmere Port plant. Amounts are expected to be utilised within one year.

Other

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

VAUXHALL MOTORS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

16. PROVISIONS FOR LIABILITIES (Continued)

Deferred taxation

The amounts of deferred taxation provided are as follows

	2006 £m	2005 £m
Deferred tax asset at 1 January	22.5	-
Credit/(charge) to profit and loss in the year	(22.5)	22.5
Deferred tax asset at 31 December	-	22.5

Deferred taxation is analysed over the following timing differences

	2006 £m	2005 £m
Tax losses	-	22.5

The amounts of unprovided deferred taxation are as follows

	2006 £m	2005 £m
Accelerated capital allowances	(34.0)	(67.6)
Short term timing differences	(10.4)	(13.1)
Total unprovided related to trading activities	(44.4)	(80.7)
Taxes on Capital gains arising on disposal of property that has been deferred under the roll-over provisions	0.6	1.4
Total unprovided deferred tax balance	(43.8)	(79.3)

17. PENSIONS

The Company makes contributions to three pension plans, each of which is of the "defined benefit" type where pensions are determined by an employee's earnings level and length of service. The three plans are the Vauxhall Motors Limited Pension Plan ("VMLPP"), the General Motors Retirees Pension Plan ("GMRPP") and the Vauxhall and Associated Companies Pension Fund ("VACPF"). The assets of the plans are held in trustee-administered funds and are completely separate from the assets of the Company.

Funding

Funding is provided at a level determined after taking independent professional actuarial advice, with the Company meeting the balance of the cost not covered by members' contributions.

Pension cost

The Company's total charge to operating profit for 2006 was £38.9 million (2005 - £18.5 million) and relates to the VMLPP, GMRPP and VACPF pension schemes. The latest actuarial valuations of the VMLPP and GMRPP plans were performed at 1 January 2005. The latest actuarial valuation for the VACPF was performed at 1 January 2004. The actuarial valuations were performed using a market-led approach in which the assets are valued at their market value at the date of the valuation, and liabilities are valued using financial assumptions derived from market yields on Fixed Interest and Index-linked Government stock at the valuation date.

NOTES TO THE ACCOUNTS
Year ended 31 December 2006

17. PENSIONS (continued)

Contributions to the Pension Plans

During 2006 the Company made contributions to the plans of £21.4 million (2005 - £13.1 million). During the year ended 31 December 2006 the Company paid against previous provisions, further special cash contributions to the plans of £18.3 million (2005 - £5.4 million) to cover separation programmes. The Company's contributions increased from 14% to 25.6% of pensionable pay on 1 March 2006. It was subsequently agreed that effective from 1 October 2006 a fixed sum of £33.0 million of regular contributions would be paid on a monthly basis as opposed to a percentage of pensionable pay. Also during 2007 and 2008, an additional amount of £6.0 million per annum of special contributions would be paid.

Financial Reporting Standard 17 "Retirement Benefits"

The principal assumptions used by the independent, qualified actuaries in updating the latest valuations of the schemes for FRS17 purposes were:

	31 December 2006 % pa	31 December 2005 % pa	31 December 2004 % pa
Price inflation	3.1	2.9	2.9
Rate of general long-term increase in salaries	3.6	3.4	3.4
Rates of increase to pensions in payment			
- Guaranteed LPI (RPI to maximum of 2.5%)	2.3	2.1	-
- Guaranteed LPI (RPI to maximum of 5%)	3.1	2.8	2.7
- ½ RPI to maximum of 3%	1.6	1.4	1.4
Discount rate for scheme liabilities	5.2	4.8	5.3
Long-term rate of return on assets			
- Equities	8.3	7.6	8.5
- Property	6.7	7.1	7.5
- Government bonds	4.5	4.1	4.5
- Corporate bonds	5.2	4.5	5.2
- Other	7.5	4.5	4.8

The three defined benefit schemes into which the Company contributes are multi-employer schemes.

On the basis that historically, Vauxhall Motors Limited is responsible for all company contributions, if any, to the VACPF and GMRPP schemes, the Directors believe that the material portion of the scheme assets and liabilities are attributable to the Company and therefore it is correct to account for the whole of these schemes on a defined benefit basis in Vauxhall Motors Limited.

The VMLPP is more widely spread between companies and in the opinion of the Directors it is not possible to separate out on a reasonable and consistent basis the assets and liabilities of these schemes between the different group companies which contribute to them. Therefore, the VMLPP is accounted for on a defined contribution basis within Vauxhall Motors Limited and on a defined benefit basis in the consolidated accounts of GM Automotive UK.

The values of assets and liabilities below are the result of an update exercise performed by qualified actuaries as at 31 December 2006, rather than a full actuarial valuation at the balance sheet date. The update exercise is based on the last full valuations that were carried out at 1 January 2004 for the VACPF and 1 January 2005 for the VMLPP and GMRPP. The update exercise did not involve the same level of detail as a full actuarial valuation, and there may be differences between the results of the update and those of a full valuation. The figures below are based on what are in the Directors' opinion reasonable assumptions and reflect their best estimate of the current position.

VAUXHALL MOTORS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2006**

17. PENSIONS (continued)

Financial Reporting Standard 17 "Retirement Benefits" (continued)

The assets and liabilities of the VACPF and GMRPP schemes at 31 December 2006 were

	VACPF and GMRPP		
	Value at 31 December 2006 £m	Value at 31 December 2005 £m	Value at 31 December 2004 £m
Equities	62.8	60.3	55.6
Property	11.0	8.9	8.2
Government bonds	98.2	91.7	83.6
Corporate bonds	148.4	170.5	182.1
Other	1.0	0.9	1.2
Total market value of assets	321.4	332.3	330.7
Present value of scheme liabilities	(269.1)	(290.7)	(299.5)
Surplus in schemes	52.3	41.6	31.2
Adjustment for irrecoverable surplus	(55.1)	(46.2)	(34.6)
Net pension liability	(2.8)	(4.6)	(3.4)

Further information regarding the two schemes is shown below

The analysis of the amount credited to operating profit was as follows

	VACPF and GMRPP	
	2006 £m	2005 £m
Current service cost	-	-
Past service cost	(0.4)	-
Separation Programme costs	-	-
Total operating credit	(0.4)	-

The analysis of the amount charged to other finance charges was as follows

	VACPF and GMRPP	
	2006 £m	2005 £m
Expected return on pension scheme assets	13.0	15.0
Interest on pension scheme liabilities	(13.3)	(15.2)
Net finance cost	(0.3)	(0.2)

VAUXHALL MOTORS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2006**

17. PENSIONS (continued)

Financial Reporting Standard 17 "Retirement Benefits" (continued)

The amounts recognised in the Statement of Total Recognised Gains and Losses were as follows

	VACPF and GMRPP	
	2006	2005
	£m	£m
Actual return less expected return on pension scheme assets	0.7	12.1
Experience gains arising on the scheme liabilities	0.5	2.9
Lump sum limit change not credited to profit and loss	1.2	-
Changes in assumptions underlying the present value of the scheme liabilities	7.8	(4.9)
Increase in irrecoverable surplus	(8.9)	(11.6)
	<hr/>	<hr/>
Actuarial gain/(loss) recognised in the Statement of Total Recognised Gains and Losses	1.3	(1.5)
	<hr/>	<hr/>

The analysis of movement in surplus during the year was as follows

	VACPF and GMRPP	
	2006	2005
	£m	£m
Surplus in scheme at beginning of the year	41.6	31.2
Current service cost	-	-
Contributions	0.4	0.5
Past service costs	0.4	-
Other finance income	(0.3)	(0.2)
Actuarial gain	10.2	10.1
	<hr/>	<hr/>
Surplus in scheme at the end of the year	52.3	41.6
	<hr/>	<hr/>

History of experience gains and losses was as follows

	2006	2005	2004	2003	2002
Difference between expected and actual return on scheme assets					
Amount (£m)	0.7	12.1	12.0	13.2	5.7
Percentage of scheme assets	0.2%	3.6%	3.6%	4.0%	1.7%
Experience gains/(losses) on scheme liabilities					
Amount (£m)	0.5	2.9	(0.9)	(1.2)	4.3
Percentage of the present value of the scheme liabilities	0.2%	1.0%	(0.3%)	(0.4%)	1.4%
Total amount recognised in Statement of Total Recognised Gains and Losses					
Amount (£m)	1.3	(1.5)	(0.9)	(0.6)	(1.2)
Percentage of the present value of the scheme liabilities	0.5%	(0.5%)	(0.3%)	(0.2%)	(0.4%)

VAUXHALL MOTORS LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2006**

17. PENSIONS (continued)

Financial Reporting Standard 17 "Retirement Benefits" (continued)

For the VMLPP, the whole assets and liabilities (not just those relating to Vauxhall Motors Limited) updated to 31 December 2006 on the assumptions above are as follows

	VMLPP	
	2006 £m	2005 £m
Assets	1,213.1	1,066.4
Liabilities	(1,503.3)	(1,532.5)
Deficit in scheme	<u>(290.2)</u>	<u>(466.1)</u>

18. CALLED UP SHARE CAPITAL

	2006 £m	2005 £m
Authorised, called up, allotted and fully paid:		
45,875,463 (2005 – 45,875,463) ordinary shares of £1 each	<u>45.9</u>	<u>45.9</u>

19. RESERVES

Unrealised exchange gains of £1.3 million (2005 - £nil) have been included in the profit and loss account. Restatements in the table below relate to the adoption of FRS20 as disclosed in note 8.

	Capital reserve £m	Share-based payment reserve £m	Profit and loss account £m
At 31 December 2005 as previously stated	0.1	-	(397.3)
Prior year adjustment	-	0.4	(0.4)
At 1 January 2005 as restated	<u>0.1</u>	<u>0.4</u>	<u>(397.7)</u>
Retained loss for the financial year	-	-	(7.3)
Actuarial gain for the financial year	-	-	1.3
Movement in shares to be issued in relation to the GMSIP	-	0.2	-
Total movement/(loss) for the financial year	<u>-</u>	<u>0.2</u>	<u>(6.0)</u>
At 31 December 2006	<u>0.1</u>	<u>0.6</u>	<u>(403.7)</u>

VAUXHALL MOTORS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2006

20. COMMITMENTS

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

	2006 £m	2005 £m
Committed	1 0	1 1

(b) At 31 December 2006 the Company was committed to make the following payments during the next year in respect of operating leases

	Land and buildings 2006 £m	Other 2006 £m	Land and buildings 2005 £m	Other 2005 £m
Leases which expire				
Within one year	-	-	0 3	-
Within two to five years	1 3	-	-	-
After five years	-	0 6	2 6	0 8
	1 3	0 6	2 9	0 8

The Company has outstanding forward foreign exchange contracts amounting to £357.5 million (2005 - £578.9 million) the fair value of which was an asset of £12.1 million (2005 - £8.0 million). Outstanding foreign currency options amounted to £268.4 million (2005 - £290.1 million) the fair value of which was £1.2 million (2005 - £5.3 million).

21. ULTIMATE PARENT COMPANY

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

The immediate controlling entity of the Company is VHC Sub-Holdings (UK), a company registered in England and Wales. The parent of the smallest group for which consolidated accounts are prepared, of which this company is a part, is GM Automotive UK. The consolidated accounts of GM Automotive UK are filed with the Registrar of Companies, Companies House, Crown Way, Mandy, Cardiff CF14 3UZ.

22. RELATED PARTY DISCLOSURES

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

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

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

NOTES TO THE ACCOUNTS
Year ended 31 December 2006

22. RELATED PARTY DISCLOSURES (continued)

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

At 31 December 2006, there was £0.8 million outstanding relating to the current or prior years' rental (2005 - £nil million), and the Company was committed to amounts totalling £nil million (2005 - £0.8 million) in respect of future years' rentals

During the year terms were agreed on a further 5 year lease (which was signed on 2 January 2007) at an annual rent of £0.7 million. The Pension Plan also holds an option requiring the Company to repurchase the property at the end of the 5 year period at a price of £6 million. The Company was therefore committed to amounts totalling £3.3 million in respect of future years' rentals

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

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

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

At 31 December 2006, there was £0.2 million outstanding relating to the current year's rental (2005 - £nil million), and the Company was committed to amounts totalling £nil million (2005 - £0.3 million) in respect of future years' rentals

During the year terms were agreed on a further 5 year lease (which was signed on 2 January 2007) at an annual rent of £0.3 million. The Pension Plan also holds an option requiring the Company to repurchase the property at the end of the 5 year period at a price of £2.4 million. The Company was therefore committed to amounts totalling £1.3 million in respect of future years' rentals