

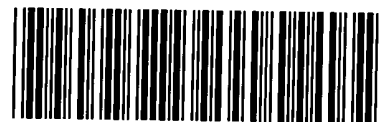
Company Registration No. 2091272

IBC VEHICLES LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2017

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IBC VEHICLES LIMITED

REPORT AND FINANCIAL STATEMENTS 2017

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IBC VEHICLES LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 2017

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

N P Barrett
M Wright
P Hope
J Highnam
D Connell
S Norman

SECRETARY

R S Nagi

REGISTERED OFFICE

Kimpton Road
Luton
Bedfordshire
England
LU2 0TY

BANKERS

Barclays Bank PLC

ACTUARIES

Towers Watson Limited
MidCity Place
71 High Holborn
London
WC1V 6TP

AUDITOR

Deloitte LLP
Statutory Auditor
Reading
United Kingdom

IBC VEHICLES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 2017

The Directors of IBC Vehicles Limited ("the Company") submit their strategic report for the year ended 31 December 2017, providing a review of the Company's business and a description of the principal risks and uncertainties affecting the Company.

PRINCIPAL ACTIVITIES

The principal activity of the Company continues to be the manufacture and conversion of motor vehicles, pressed parts and related spare parts and components. Within the UK, the Company's main product is marketed as the Vauxhall Vivaro. In all other European countries, the Vivaro product is sold under the Opel badge.

PEUGEOT S.A.

The agreement for the acquisition of the Company by Peugeot S.A. ("PSA"), signed on 5 March 2017 was completed on 31 July 2017.

BUSINESS REVIEW

The directors consider revenue, vehicles produced and profit before tax to be the key KPIs relevant to the company, and these have been discussed in detail below.

The Company produced 59,779 vehicles during 2017 (2016: 73,622). Demand for the Vivaro fell in both UK and European markets due to falling business and consumer confidence, economic underperformance and the deterioration in sterling as a result of Brexit. Daily production was scaled back during the year as a result.

Turnover per vehicle was £13,481 during 2017 (2016: £12,113) and cost of sales per vehicle was £13,309 (2016: £12,022) giving gross profit per vehicle of £172 (2016: £91).

The average number of vehicles manufactured per member of staff was 42 during 2017 (2016: 49). The Company made a profit before tax in 2017 of £8.1 million (2016: profit of £4.1 million). The Company has entered into a contract manufacture agreement with a fellow subsidiary of PSA, the effect of which is to provide guaranteed manufacturing margins to the Company from 1 September 2014 for the duration of the agreement. During the year the Directors reviewed the amount of deferred tax asset expected to be recovered based upon the forecast timing and level of future taxable profits. As a result of this review the Directors have recognised a deferred tax asset of £6.3 million on the balance sheet at 31 December 2017, the movement of which has been taken as a current tax credit.

Tangible fixed assets decreased from £105.1 million at 31 December 2016 to £98.7 million at 31 December 2017, principally due to additions in all categories amounting to £6.0 million, with total depreciation charged during the year of £7.8 million and net book value of fixed asset disposals of £4.6 million.

Current assets decreased from £139.6 million at 31 December 2016 to £89.9 million at 31 December 2017 principally due to a reduction in amounts owed by Peugeot S.A. and fellow subsidiary undertakings of £47.8 million. Stocks of raw materials decreased by £2.9 million.

Current liabilities decreased from £148.4 million at 31 December 2016 to £86.9 million at 31 December 2017. Of this, amounts payable to trade creditors decreased by £53.9 million and amounts owed to fellow subsidiary companies decreased by £3.6 million.

Net assets excluding pension liabilities increased by £10.8 million (2016: decrease of £35.7 million) resulting from the changes described above. The pension scheme deficit has decreased by £61.8 million (2016: £13.9 million increase) resulting from the cessation of participation in the IBC Vehicles Pension Plan and commencement of participation in the IBC Vehicles 2017 Pension Plan on the acquisition of the Company by Peugeot S.A (note 15). On transfer of the IBC Vehicles Pension Plan (now known as the General Motors (IBC) Pension Plan) to a fellow group company on 31 July 2017, the credit arising of £37.9 million was accounted for as a capital contribution.

STRATEGIC REPORT FOR THE YEAR ENDED 2017 continued

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe the main risks and uncertainties 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 are summarised as follows:

- The Company has a single customer that is a fellow subsidiary of Peugeot S.A.. Vehicles produced by the Company are sold by fellow subsidiaries in the UK and in continental Europe. If the Company does not continue to compete effectively by developing its products and responding to the activities of its competitors, demand for its products could reduce and its results of operations, cash flow and financial condition could be adversely affected.
- The Company's revenues are dependent on the continued operation of its manufacturing facilities. The occurrence of major operational problems at these facilities could have an adverse effect on the Company's results of operations, cash flow and financial condition. 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. Whilst the Company maintains insurance at appropriate levels, some of the operational risks could result in losses in excess of the insurance cover or in uninsured losses.
- The loss of a significant number of key personnel could adversely affect the Company's results of operations, cash flow and financial condition.
- On 23 June 2016, a referendum in the United Kingdom returned a result in favour of leaving the European Union (commonly referred to as 'Brexit') by a margin of 52% to 48% and on 29 March 2017 the UK government triggered Article 50 of the Lisbon Treaty, which will result in the UK's withdrawal from the European Union on 29 March 2019. Whilst the longer term political and economic effects of these events are as yet unclear, the announcement of the referendum result immediately triggered a significant amount of market turbulence, including sterling falling by 10% against the US dollar and 8% against the euro and since this date sterling has remained weak against these currencies when compared to pre-referendum levels. Although a significant proportion of the Company's purchases are denominated in euro and to a lesser extent US dollar, resulting in an increase in costs of manufacture for vehicles produced in the UK, the impact on the Company's profit before tax is limited due to the existence of the contract manufacture and supply agreement referred to below which provides guaranteed manufacturing and selling margins to the Company for the duration of the agreement.
- The Company manufactures its vehicles under a long-term contract arrangement with a fellow subsidiary of Peugeot S.A.. In the event that the contract is not renewed or there are material amendments thereto, the results of operations, cash flow and financial condition of the Company could be materially affected.
- The failure of its customer would materially affect the Company's operations, cash flow and financial condition.
- The Company's reliance on key suppliers, including suppliers of tooling and other equipment being procured for the manufacture of the new Vivaro, could result in an adverse effect on the 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.
- The IBC 2017 Plan is currently in deficit. Increases in funding from the Company required to make good the deficit could adversely affect cash flow and the financial condition of the Company.

IBC VEHICLES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 2017 continued

PRINCIPAL RISKS AND UNCERTAINTIES continued

- The Company is reliant on funding from the European treasury operations of Opel. To meet its liquidity needs Opel is itself reliant on a revolving credit facility without maturity date, from a subsidiary of PSA. To the extent that the Opel group, including the Company, does not remain within its borrowing limits, or generate sufficient funds to enable repayment of the revolving credit facility over this period, it will require additional financing to continue in operations. This exposes the Company to liquidity risk as there is no certainty that such additional financing will be forthcoming. The directors continue to monitor and manage this risk through timely discussions with PSA with respect to the Company's liquidity position and borrowing requirements.

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



N P Barrett
Director
5 June 2018

IBC VEHICLES LIMITED

DIRECTORS' REPORT

The Directors of IBC Vehicles Ltd ("the Company") submit their annual report on the affairs of the Company together with the financial statements and auditor's report for the year ended 31 December 2017.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The most important components of financial risk are liquidity risk, interest rate risk and foreign exchange risk. During 2017, these financial risks were managed by the treasury function of Opel Automobile GmbH ("Opel") which provides the Company's inter-company funding. A risk management control system is utilised to monitor the strategies, risks and any related hedge positions, in accordance with approved policies and procedures.

With respect to credit risk, the Company's exposure arises from the risk of default by the counterparty. The Company faces a concentration of credit risk as its sales are made almost exclusively to a fellow subsidiary of PSA. The Company seeks to manage this risk through contractually agreed payment terms, and by agreeing production volumes with its customer in advance.

FUTURE DEVELOPMENTS

The Directors expect demand for the Vivaro to remain at similar levels for 2018 mainly due to continuing uncertainties over Brexit in the UK market.

On 4 April 2018 Groupe PSA announced investment in the Company's Luton factory to produce the next generation Opel/Vauxhall Vivaro by 2019. Groupe PSA's EMP2 platform will be used with the goal of increasing plant capacity to 100,000 vehicles per year.

GOING CONCERN

After review, the Directors consider they should continue to adopt the going concern basis in preparing the financial statements. Please refer to Note 1 to the financial statements.

DIVIDENDS

No dividends were paid in the years ended 31 December 2017 or 31 December 2016. No final dividend is proposed for the year ended 31 December 2017 (2016: £nil).

EMPLOYEE CONSULTATION

The Board regards employee involvement and effective communication as essential to maintain productive relationships, achieve improved performance and ensure commitment to the Company's business objectives.

Discussions take place regularly with the trade unions and other employee representatives on a wide range of issues through the forum of the Joint Leadership Committee. Additionally, all employees are briefed throughout the year on the current business status and the immediate outlook through a range of communication forums.

EMPLOYMENT OF DISABLED PERSONS

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

DIRECTORS' INDEMNITIES

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

IBC VEHICLES LIMITED

DIRECTORS' REPORT continued

DIRECTORS AND THEIR INTERESTS

The present members of the Board of Directors are shown on page 1. There were the following changes in Directors during the year and subsequently:

J Fulcher	resigned 30 November 2017
C Thexton	resigned 31 July 2017
D Connell	appointed 3 August 2017
S Norman	appointed 1 February 2018
R Harvey	resigned 10 January 2018
D Borland	resigned 28 February 2018

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

AUDITOR

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

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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



N P Barrett
Director
5 June 2018

IBC VEHICLES 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IBC VEHICLES LIMITED

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of IBC Vehicles Limited ('the Company') which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IBC VEHICLES LIMITED continued

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Mark Tolley (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

5 JUNE 2018

IBC VEHICLES LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2017

	Note	2017 £'000	2016 £'000
TURNOVER	2	805,893	891,816
Cost of sales		(795,599)	(885,105)
GROSS PROFIT		10,294	6,711
Administrative (expenses)/income		(466)	239
OPERATING PROFIT	3	9,828	6,950
Net interest payable	4	(695)	(963)
Other finance charges	15	(1,070)	(1,928)
PROFIT BEFORE TAXATION		8,063	4,059
Tax credit /(charge)	5	9,234	(28,120)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		17,297	(24,061)

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

IBC VEHICLES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2017

	2017 £'000	2016 £'000
Profit/(loss) for the financial year	17,297	(24,061)
Other comprehensive income/(loss):		
Actuarial gain/(loss) recognised on the pension scheme (note 15)	22,815	(20,647)
Movement on deferred tax relating to pension deficit	(5,447)	(4,867)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	34,665	(49,575)

IBC VEHICLES LIMITED

BALANCE SHEET 31 December 2017

	Note	2017 £'000	2016 £'000
FIXED ASSETS			
Tangible assets	9	98,730	105,106
CURRENT ASSETS			
Stocks	10	17,385	20,183
Debtors			
– due within one year	11	67,975	115,707
– due after one year	11	4,532	3,746
Cash at bank and in hand		2	-
		89,894	139,636
CREDITORS:			
Amounts falling due within one year	12	(86,918)	(148,391)
NET CURRENT ASSETS/(LIABILITIES)		2,976	(8,755)
TOTAL ASSETS LESS CURRENT LIABILITIES		101,706	96,351
CREDITORS:			
Amounts falling due after more than one year	13	(1,663)	(7,102)
NET ASSETS EXCLUDING PENSION LIABILITIES		100,043	89,249
NET PENSION SCHEME LIABILITIES	15	(9,433)	(71,190)
NET ASSETS		90,610	18,059
CAPITAL AND RESERVES	16		
Called up share capital		239,000	239,000
Share-based payments reserve		-	102
Profit and loss account		(148,390)	(221,043)
SHAREHOLDER'S FUNDS		90,610	18,059

These financial statements were approved by the Board of Directors on 5 June 2018 and are signed on its behalf by:


N P Barrett
Director

IBC VEHICLES LIMITED

STATEMENT OF CHANGES IN EQUITY Year ended 31 December 2017

	Called up share capital £'000	Share-based payment reserve £'000	Profit and loss account £'000	Total £'000
At 31 December 2015	239,000	84	(171,468)	67,616
Loss for the financial year	-	-	(24,061)	(24,061)
Actuarial loss recognised in the pension scheme (note 15)	-	-	(20,647)	(20,647)
Movement on deferred tax relating to pension deficit	-	-	(4,867)	(4,867)
Total comprehensive loss	-	-	(49,575)	(49,575)
Movement in share-based payments reserve	-	18	-	18
At 31 December 2016	239,000	102	(221,043)	18,059
Profit for the financial year	-	-	17,297	17,297
Actuarial gain recognised in the pension scheme (note 15)	-	-	22,815	22,815
Movement on deferred tax relating to pension deficit	-	-	(5,447)	(5,447)
Total comprehensive income	-	-	34,665	34,665
Capital contribution - pension transfers (note 15)	-	-	37,880	37,880
Movement in share-based payments reserve	-	6	-	6
Transfer from share-based payment reserve (note 8)	-	(108)	108	-
At 31 December 2017	239,000	-	(148,390)	90,610

IBC VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and company law. The principal accounting policies adopted, which are consistent with those applied in the prior year, are described below.

General information and basis of accounting

IBC Vehicles Limited is a private company limited by shares incorporated in England under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

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

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

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it under Section 1 paragraph 12. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, remuneration of key management personnel, and disclosure of intra-group related party transactions. The parent of the group in whose consolidated financial statements the Company's financial statements are included is Peugeot S.A. and its financial statements are readily available as set out in note 18.

Going concern

The Company generated profits in the year of £17.3 million. The balance sheet at 31 December 2017 shows that the Company has net current assets of £3.0 million and net assets of £90.6 million.

The agreement for the acquisition of the Company by Peugeot S.A. ("PSA"), signed on 5 March 2017 was completed on 31 July 2017. The market share of the enlarged PSA Group is now around 20% in Europe, making it the continent's second largest carmaker with first or second place in main markets.

The Company is reliant on funding from the European treasury operations of Opel Automobile GmbH ("Opel"). To meet its liquidity needs Opel is itself reliant on a revolving credit facility from a subsidiary of PSA without maturity date ("the Opel/PSA agreement"). Current funding agreements between Opel and the Company which are valid to 30 June 2018 will likewise be updated to reflect the same terms as the Opel/PSA agreement including no maturity date going forward.

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

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

Fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Freehold land and assets in the course of construction are not depreciated. The cost, less estimated residual value, of other fixed assets is depreciated by equal monthly instalments over the expected useful lives of the assets as follows:

Freehold buildings	40 years
Plant, machinery and equipment	5 to 27 years
Special tools and dies	The costs of special tools and dies are written off over the estimated production run of the models to which they relate.

Residual value is calculated on prices prevailing at the date of acquisition.

IBC VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

1. ACCOUNTING POLICIES continued

Leases

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

Regional development and assistance grants

Grant funding from government sources is recognised as income after the income is received and performance conditions have been met. Income received in advance of the performance condition being met is recognised as deferred income within creditors on the balance sheet and then released to income as conditions are met and demonstrated to the appropriate government body.

Taxation

Corporation tax is provided on taxable profit at the appropriate rate ruling each year 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 current tax rates and law. 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 the financial statements.

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

Financial instruments

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

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

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

Financial assets are de-recognised only where the contractual rights to the cash flows from the asset expire or are settled; or if the Company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity; or the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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

IBC VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

1. ACCOUNTING POLICIES continued

Stocks and work in progress

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

Costs used in the valuation are calculated on a weighted average basis, and include material, labour and appropriate overheads. Net realisable value is based on estimated selling price less costs to sell. Provision is made for any obsolete or defective stocks.

Foreign currencies

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

Pension costs

The Company made contributions to two pension plans during the period 1 January 2017 to 30 July 2017, the Vauxhall Motors Limited Pension Plan now known as the General Motors (VML) Pension Plan ("VMLPP") and the IBC Vehicles Pension Plan now known as the General Motors (IBC) Pension Plan ("IBCVPP"). As a result of PSA's acquisition of General Motors Company's Opel and Vauxhall subsidiaries on 31 July 2017, the Company's participation in these plans ceased. Over the period 31 July 2017 to 31 December 2017 the Company paid contributions to the IBC Vehicles 2017 Pension Plan ("IBC 2017 Plan") and to the VML 2017 Pension Plan ("VML 2017 Plan"). 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.

The VMLPP and the VML 2017 Plan into which the Company contributed are multi-employer schemes. In the opinion of the Directors, sufficient information is not available to use defined benefit accounting to account for the scheme and to separate out the assets and liabilities of the scheme between different group companies which contribute to it. IBC Vehicles Limited was not required to pay contributions to the VMLPP to fund any deficit in the scheme and accordingly its participation in the VMLPP has been accounted for on a defined contribution basis in the financial statements of IBC Vehicles Limited. The pension cost charged in the financial statements in respect of the VMLPP Plan represents the contributions payable by the Company during the year. Similarly the pension cost charged in the financial statements in respect of the VML 2017 Plan represents the contributions payable by the Company during the year to Vauxhall Motors Limited in respect of its participation in the Plan.

The IBCVPP and IBC 2017 Plan are single-employer schemes and accounted for on a defined benefit basis.

The fair value of the IBC 2017 Plan 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, is recognised within operating costs.

Net interest cost on the defined benefit liability is charged to the profit and loss account and included within other finance charges.

Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the defined benefit liability) are recognised immediately in other comprehensive income.

IBC VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

1. ACCOUNTING POLICIES continued

Turnover

Turnover represents the sales of motor vehicles, components, parts and accessories net of trade discounts, VAT and other sales related taxes, and is recognised when the risks of ownership of the motor vehicles, components, parts and accessories pass to the consumer, which is normally when the products leave the Company's production facilities and are passed to the customer's freight carrier.

Share-based payment

General Motors Company group, of which IBC Vehicles Limited was part, issued equity-settled share-based payments to certain employees.

Equity-settled share-based payments were 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 was expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that would eventually vest. At each balance sheet date, the Company revised its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions, including option lapses. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve within shareholders' funds.

As detailed in Peugeot S.A. acquired the Company on 31 July 2017. Accordingly, no further share options or stock units will be granted, nor options exercised, under the GMC incentive plan. The balance on the company's share-based payments reserve was transferred to profit and loss account reserve at 31 December 2017.

Impairment of assets

At each balance sheet date assets not carried at fair value are assessed to determine whether there is an indication that they may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset. The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

IBC VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

1. ACCOUNTING POLICIES continued

Critical accounting judgements and key sources of estimation uncertainty

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

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

The areas involving a higher degree of judgement or complexity are described below.

Pension obligations

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

The value of the net pension obligation at 31 December 2017 and the key financial assumptions used to measure the obligation are disclosed in note 15.

Deferred tax

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

2. TURNOVER: GEOGRAPHICAL ANALYSIS BY DESTINATION

	2017 £'000	2016 £'000
United Kingdom	240,459	313,097
Other European countries	565,434	578,719
	<u>805,893</u>	<u>891,816</u>

The Company is engaged in one principal activity, the manufacture and distribution of motor vehicles and related spare parts and components. 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 interests of the Company.

An analysis of the Company's revenue is as follows:

	2017 £'000	2016 £'000
Sale of goods	805,893	891,816
Interest income	1	3
Grant income (within cost of sales)	3,126	32
Revenue	<u>809,020</u>	<u>891,851</u>

IBC VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3. OPERATING PROFIT

	2017 £'000	2016 £'000
Operating profit on ordinary activities before taxation is after charging:		
Depreciation of tangible fixed assets: owned assets	7,808	8,712
Loss/(profit) on disposal of fixed assets	92	(3)
Cost of inventory recognised as an expense	714,272	773,173
Impairment losses on inventory	508	222
Foreign exchange loss	4,487	11,461
Rentals under operating leases:		
Hire of plant and machinery	-	6
Auditor's remuneration:		
Payable to the Company's auditor for audit of the Company's annual accounts	67	52
	<u> </u>	<u> </u>

Impairment losses on inventory are included in cost of sales.

4. NET INTEREST PAYABLE

	2017 £'000	2016 £'000
Interest receivable		
Loans to group undertakings	<u>1</u>	<u>3</u>
Interest payable		
Loans from group undertakings	(661)	(927)
Finance lease interest payable	<u>(35)</u>	<u>(39)</u>
	<u>(696)</u>	<u>(966)</u>
Net interest payable	<u>(695)</u>	<u>(963)</u>

IBC VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

5. TAX (CREDIT)/CHARGE ON PROFIT

	2017 £'000	2016 £'000
Current tax:		
UK corporation tax at 19.25% (2016: 20%)	(3,275)	1
Over provision relating to prior years	343	(128)
	<u>(2,932)</u>	<u>(127)</u>
Current tax	(2,932)	(127)
Deferred tax: origination and reversal of timing differences	(6,302)	28,247
	<u>(9,234)</u>	<u>28,120</u>
Total tax	(9,234)	28,120

The tax assessed for the year differs to that resulting from applying the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £'000	2016 £'000
Profit before tax	<u>8,063</u>	<u>4,059</u>
Tax at UK rate of 19.25% (2016: 20%) thereon	1,552	812
Effects of:		
Permanent differences	180	158
Adjustments in respect of prior years	343	(128)
Deferred tax (recognised)/unrecognised	<u>(11,309)</u>	<u>27,278</u>
Total tax (credit)/charge for the year	<u>(9,234)</u>	<u>28,120</u>

As per current UK corporate tax law, the UK corporation tax rate was reduced to 19% from 1 April 2017. The Finance (No.2) Act 2016, which received Royal Assent on 15 September 2016, stated that the UK corporation tax rate will be further reduced to 17% effective from 1 April 2020. The reduction to the tax rate included in the Finance (No. 2) Act 2016 was enacted at the balance sheet date and the effect thereof is therefore reflected in these financial statements.

IBC VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

6. DIRECTORS' EMOLUMENTS

	2017 £'000	2016 £'000
Aggregate emoluments	380	303
Aggregate of contributions paid in respect of money purchase pension schemes	6	6
	<u>No.</u>	<u>No.</u>
Number of Directors who received, or became eligible to receive, shares during the year (*includes highest paid Director)	1*	1*
	<u>No.</u>	<u>No.</u>
Number of Directors who are members of a money purchase pension scheme	4	5
Number of Directors who are members of a defined benefit pension scheme	5	6
	<u>£'000</u>	<u>£'000</u>
In respect of the highest paid Director:		
Aggregate emoluments	263	194
Contributions paid in respect of money purchase pension scheme	6	6
Maximum annual pension accrued under a defined benefit pension scheme assuming no lump sum paid on retirement	21	29

Certain directors of the Company are also Directors of other companies within the PSA group of companies.

7. EMPLOYEES

	2017 No.	2016 No.
Average monthly number of employees, including directors		
Administration	109	108
Production	1,309	1,390
	<u>1,418</u>	<u>1,498</u>
	<u>2017</u>	<u>2016</u>
Costs	£'000	£'000
Wages and salaries	46,642	47,201
Social security costs	4,308	4,340
Pension costs (note 15)	8,755	7,850
	<u>59,705</u>	<u>59,391</u>

IBC VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

8. SHARE-BASED PAYMENTS

Peugeot S.A. acquired the Company on 31 July 2017. Accordingly, no further share options or stock units will be granted, nor options exercised, as part of the 2014 GMLTIP. The balance on the company's share-based payments reserve was transferred to profit and loss account reserve at 31 December 2017.

There were no awards outstanding at 31 December 2017. At 31 December 2016 and 31 July 2017, outstanding amounts consisted of awards granted to individuals under the General Motors Company 2014 Long-Term Incentive Plan and the 2009 Long-Term Incentive Plan. The 2014 Long-Term Incentive Plan ("2014 GMLTIP") which awards Restricted Stock Units ("RSU"s), Performance Stock Units ("PSU"s) and Stock Options ("Options") replaced the 2009 Long-Term Incentive Plan ("2009 GMLTIP"). The 2014 GMLTIP is administered by the Executive Compensation Committee of the board of directors of General Motors Company ("GM").

Awards granted under the 2014 GMLTIP become non-forfeitable following a three year service period from the date of grant. New shares are issued one for one upon settlement of RSUs and PSUs. The cost of new grants of RSUs and PSUs will be based on the fair US dollar value of GM common stock on the date of grant.

Details of the RSUs and PSUs outstanding during the year are as follows:

	2017		2016	
	Number	Weighted average price	Number	Weighted average price
	'000	£	'000	£
Outstanding at beginning of year	2.1	27.22	2.1	23.76
Vested	(1.0)	21.43	(0.7)	20.68
Granted during the year	0.4	29.88	0.7	19.16
Eliminated on 31 July 2017	(1.5)	22.64	-	-
Outstanding at the end of the year	-	-	2.1	27.22

There were no awards outstanding at 31 December 2017. The awards outstanding at 31 December 2016 had a weighted average remaining contractual life of 1.2 years. Awards were made on 14 February 2017 (2016: 10 February 2016) and the aggregate of the estimated fair values of the awards is £0.02 m (2016: £0.05m) all of which in both years relates to the Directors. The Company recognises these amounts as total expenses related to equity-settled share-based payment transactions.

IBC VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant, machinery and equipment £'000	Special tools, jigs and dies £'000	Assets in course of construction £'000	Total £'000
Cost					
Cost at 1 January 2017	59,790	173,737	22,345	3,409	259,281
Additions	1,518	1,383	327	2,780	6,008
Disposals	-	(510)	(1,881)	(2,540)	(4,931)
Transfers	264	106	83	(453)	-
Total cost at 31 December 2017	61,572	174,716	20,874	3,196	260,358
Depreciation					
Depreciation at 1 January 2017	18,393	128,482	7,300	-	154,175
Charge for the year	929	5,918	961	-	7,808
Disposals	-	(355)	-	-	(355)
Total depreciation at 31 December 2017	19,322	134,045	8,261	-	161,628
Net book value					
At 31 December 2017	42,250	40,671	12,613	3,196	98,730
At 31 December 2016	41,397	45,255	15,045	3,409	105,106

10. STOCK

	2017 £'000	2016 £'000
Raw materials	16,793	19,735
Work in progress	592	448
	17,385	20,183

IBC VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

11. DEBTORS

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Trade debtors	3,917	6,336
Amounts owed by Peugeot S.A. and fellow subsidiary undertakings	58,972	106,778
Group relief receivable	3,316	775
Other debtors	-	57
Prepaid expenses and accrued income	-	60
Deferred taxation (see note 14)	1,770	1,701
	<u>67,975</u>	<u>115,707</u>
Amounts falling due after one year:		
Deferred taxation (see note 14)	4,532	3,746
	<u>72,507</u>	<u>119,453</u>

The amount of the net reversal of deferred tax expected to occur next year is £1,770,000 (2016: £1,701,000), relating to the reversal of existing timing difference on pensions. The remaining £4,532,000 (2016: £3,746,000) will reverse after more than one year.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Trade creditors	79,513	133,381
Amounts owed to Peugeot S.A. and fellow subsidiary undertakings	539	4,123
Taxation and social security	3,652	7,202
Other creditors	2,464	2,668
Accruals and deferred income	750	1,017
	<u>86,918</u>	<u>148,391</u>

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

	2017 £'000	2016 £'000
Deferred income		
- regional development and assistance grants	1,663	7,102

The value of Regional Development and Assistance grants to be amortised after more than five years is £31,000 (2016: £63,000)

IBC VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

14. DEFERRED TAXATION

Deferred taxation provided for at 17% (2016: 17%) in the financial statements is set out below:

	Pension scheme deficit £'000	Accelerated capital allowances £'000
At 1 January 2017	5,447	-
Movement in the year:		
Profit and loss account	-	6,302
Other comprehensive income	(5,447)	-
At 31 December 2017	-	6,302

£6.3 million of the total deferred tax asset has been recognised as at 31 December 2017 (2016:£5.4 million) based on likely timing and level of future taxable profits with an assessment of the effect of future tax planning strategies.

As at 31 December 2017 the amount of unused tax losses is £40.5 million (2016:£41.5 million) and the amount of unused research and development expenditure credit is £121,000 (2016:£67,000). There is no expiry date on timing differences, unused tax losses or tax credits.

15. PENSIONS

Description of the Plans

The Company made contributions to two pension plans during the period 1 January 2017 to 30 July 2017, the Vauxhall Motors Limited Pension Plan now known as the General Motors (VML) Pension Plan ("VMLPP") and the IBC Vehicles Pension Plan now known as the General Motors (IBC) Pension Plan ("IBCVPP"). Over the period 31 July 2017 to 31 December 2017 the Company paid contributions to the IBC Vehicles 2017 Pension Plan ("IBC 2017 Plan") and to the VML 2017 Pension Plan ("VML 2017 Plan"). 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. The assets of the plans are held in trustee-administered funds and are completely separate from the assets of the Company.

As a result of PSA's acquisition of General Motors Company's Opel and Vauxhall subsidiaries on 31 July 2017 the Company's obligation in respect of IBCVPP was taken on by a replacement Principal Company within the General Motors Company Group and its participation in IBCVPP and VMLPP ceased.

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

Funding

Funding of the IBC 2017 Plan is provided at a level determined after taking independent professional actuarial advice, with the Company meeting the balance of the costs not covered by members' contributions. The Company made payments to Vauxhall Motors Limited in respect of benefits accrued by employees participating in VMLPP in relation to service up to and including 30 July 2017 and in respect of benefits in the VML 2017 Plan in relation to service from 31 July 2017. In addition, the Company made payments directly to the VMLPP and VML 2017 Plan of SMART contributions relating to those of its employees who participated in those plans.

IBC VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

15. PENSIONS continued

Date of the most recent comprehensive actuarial valuation

Actuarial valuations for funding purposes are carried out at least every three years. An actuarial valuation of the IBCVPP was carried out with an effective date of 1 January 2017. The first triennial funding valuations of the IBC 2017 Plan and VML 2017 Plan are due to be carried out with effective dates of 1 January 2018. For accounting purposes, the Company has employed an independent actuary to carry out an annual valuation to determine the DBO and pension cost. The most recent annual accounting disclosure valuation was based on census data collected as at 1 October 2017 and adjusted for benefits paid over the periods 31 July 2017 to 30 September 2017 and 1 October 2017 to 31 December 2017.

Financial Reporting Standard 102 “Post-employment Benefits”

The VMLPP and the VML 2017 Plan into which the Company contributed during the period are multi-employer schemes. In the opinion of the Directors, sufficient information is not available to use defined benefit accounting to account for the schemes and to separate out the assets and liabilities of the schemes between different group companies which contribute to it. The Company was not required to pay contributions to the VMLPP to fund any deficit in the scheme and accordingly its participation in the VMLPP has been accounted for on a defined contribution basis in the financial statements of the Company. The pension cost charged in the financial statements in respect of the VMLPP represents the contributions payable by the Company during the year. Similarly the pension cost charged in the financial statements in respect of the VML 2017 Plan represents the contributions payable by the Company during the year to Vauxhall Motors Limited in respect of its participation in the Plan.

The IBCVPP and IBC 2017 Plan are single-employer schemes and accounted for on a defined benefit basis.

Pension cost

The Company's total pension cost for 2017 was £8.8 million (2016: £7.9 million) excluding a one-off curtailment credit of £9.4 million and net settlement and divestiture credit of £34.5 million. This figure includes £3.3 million in respect of the net defined benefit cost for the IBCVPP, £1.0 million in respect of the net defined benefit cost for the IBC 2017 Plan and £2.4 million in respect of the amount paid by the Company to Vauxhall Motors Limited in relation to its participation in the VMLPP and an accrual of £1.7 million to be paid by the Company to Vauxhall Motors Limited in relation to its participation in the VML 2017 Plan. The charge relating to VDCPP alone amounted to £0.4 million.

Contributions to the Pension Plans

During 2017 the Company made contributions to the plans of £9.3 million (2016: £15.3 million). No special contributions were made to IBCVPP or IBC 2017 Plan in 2017 (2016: £nil). Company contributions to the IBCVPP and VMLPP were payable in accordance with the Schedules of Contributions agreed with the Trustees of the Plans dated 23 September 2016 and 31 March 2016 respectively. Additionally the Company will make a contribution each year equal to the annual PPF levy as fixed by the PPF Board and makes contributions on behalf of members in Pensionable Salary Sacrifice.

IBC VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

15. PENSIONS continued

Employee benefit obligations

The amount recognised in the profit and loss account in respect of the schemes is as follows:

	IBCVPP & IBC 2017 Plan 2017 £m	IBCVPP 2016 £m
Effect of employee service in the current period	3.7	3.6
Plan introductions, changes, curtailments and settlements	(3.9)	-
Acquisitions and divestitures	(34.5)	-
Net interest on net defined benefit liability	1.1	1.9
	<hr/>	<hr/>
Defined benefit cost recognised in the profit and loss account	(33.6)	5.5
Administration costs incurred during the period	0.5	0.7
	<hr/>	<hr/>
Cost recognised in the profit and loss account	<u>(33.1)</u>	<u>6.2</u>

The amount recognised in Other Comprehensive Income in respect of its defined benefit schemes is as follows:

	IBCVPP & IBC 2017 Plan 2017 £m	IBCVPP 2016 £m
Actuarial (gain)/loss arising during the period	(10.1)	52.0
Return on plan assets greater than discount rate	(12.7)	(31.4)
	<hr/>	<hr/>
Remeasurement effects recognised in Other Comprehensive Income	<u>(22.8)</u>	<u>20.6</u>

The actual return on IBCVPP and IBC 2017 Plan assets was £16.9 million (2016: £40.2 million).

The total cost relating to the scheme is as follows:

	IBCVPP & IBC 2017 Plan 2017 £m	IBCVPP 2016 £m
Cost recognised in the profit and loss account	(33.1)	6.2
Remeasurement effects recognised in Other Comprehensive Income	(22.8)	20.6
	<hr/>	<hr/>
Total cost relating to defined benefit scheme	<u>(55.9)</u>	<u>26.8</u>

IBC VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

15. PENSIONS continued

The amount recognised in the balance sheet arising from the Company's obligations in respect of its defined benefit scheme is as follows:

	IBC 2017 Plan 2017 £m	IBCVPP 2016 £m
Present value of defined benefit obligations	(9.9)	(346.3)
Fair value of scheme assets	0.5	275.1
Net defined benefit liability	<u>(9.4)</u>	<u>(71.2)</u>

Changes in the defined benefit obligation are as follows:

	IBCVPP & IBC 2017 Plan 2017 £m	IBCVPP 2016 £m
Opening defined benefit obligation	346.3	289.5
Effect of employee service in the current period	3.7	3.6
Interest cost on the defined benefit obligation	5.2	10.7
Remeasurement of the defined benefit obligation	(10.1)	52.1
Plan introductions, changes, curtailments, acquisition and settlements	(0.5)	-
Divestiture	(328.7)	-
Benefits paid from plan assets	(6.0)	(9.6)
Closing defined benefit obligation	<u>9.9</u>	<u>346.3</u>

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

	IBCVPP & IBC 2017 Plan 2017 £m	IBCVPP 2016 £m
Opening fair value of plan assets	275.1	232.2
Interest income on plan assets	4.1	8.8
Return on plan assets (excluding amounts included in net interest cost)	12.7	31.5
Employer contributions	5.9	12.9
Benefits paid out	(6.0)	(9.6)
Administration costs paid	(0.5)	(0.7)
Divestitures	(290.8)	-
Closing fair value of plan assets	<u>0.5</u>	<u>275.1</u>

IBC VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

15. PENSIONS continued

At the date of signing these accounts, the contributions to be made by the Company to its defined benefit pension plans in 2018 await agreement between the Trustees of the Plans and the Company.

The major categories of plan assets are as follows:

	IBC 2017 Plan 2017 £m	IBCVPP 2016 £m
Equities	-	134.7
Government and non-government bonds	-	46.2
Property	-	18.0
Other	0.5	76.2
	<u>0.5</u>	<u>275.1</u>

No financial instruments issued by a group company are included in the fair value of plan assets (2016: £nil million).

The principal actuarial assumptions at the balance sheet date were:

	IBC 2017 Plan 31 December 2017 % pa	IBCVPP 31 December 2016 % pa
Discount rate	2.7	2.6
RPI Inflation	3.2	3.2
CPI Inflation	2.2	2.2
Rate of general long-term increase in salaries	3.2	3.2
Rate of increase to pensions in payment		
- Guaranteed LPI (RPI to maximum of 5%)	3.1	3.0
- Guaranteed LPI (RPI to maximum of 2.5%)	2.2	1.9
- ½ RPI to maximum of 3%	-	1.6
- Post 88 GMP increases	1.9	1.9
Pension increases for deferred benefits	2.2	2.2
Plan participant census date	1 October 2017	1 October 2016

Life expectancies used in the mortality assumptions:

	IBC 2017 Plan & IBCVPP Life expectancy of a member currently aged 65	Life expectancy at age 65 of a member currently aged 50
Male	21.3	22.5
Female	22.3	23.7

IBC VEHICLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

16. CALLED UP SHARE CAPITAL AND RESERVES

	2017 £'000	2016 £'000
Allotted, called up and fully paid:		
239,000,000 (2016: 239,000,000) ordinary shares of £1 each	239,000	239,000

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

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

17. COMMITMENTS

At 31 December 2017 there are capital expenditure commitments of £1.4m which are contracted for at the balance sheet date but not provided for in these financial statements (2016: £2.6m).

18. ULTIMATE PARENT UNDERTAKING

At 31 December 2017, the ultimate parent company and controlling entity of the Company, and parent of the largest group for which consolidated accounts are prepared of which this Company is a part, was Peugeot S.A., a company registered in France. The financial statements of Peugeot S.A. are available from 7 Rue Henri Sainte-Claire Déville, 92500 Reuil-Malmaison, France.

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

19. RELATED PARTY TRANSACTIONS

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