Company Registration No. 2091272

IBC VEHICLES LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2018

IBC VEHICLES LIMITED

REPORT AND FINANCIAL STATEMENTS 2018

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REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 2018

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

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

SECRETARY

R S Nagi

REGISTERED OFFICE

Kimpton Road
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BANKERS

Barclays Bank PLC
London

ACTUARY

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

AUDITOR

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

STRATEGIC REPORT FOR THE YEAR ENDED 2018

The Directors of IBC Vehicles Limited ("the Company") submit their strategic report for the year ended 31 December 2018, 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.

BUSINESS REVIEW

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

The Company produced 62,643 vehicles during 2018 (2017: 59,779).

Turnover per vehicle was £13,539 during 2018 (2017: £13,481) and cost of sales per vehicle was £13,260 (2017: £13,309) giving gross profit per vehicle of £279 (2017: £172).

The average number of vehicles manufactured per member of staff was 50 during 2018 (2017: 42). The Company made a profit before tax in 2018 of £15.9 million (2017: profit of £8.1 million). The Company has entered into a contract manufacture agreement with a fellow subsidiary of Peugeot S.A. ("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 £10.3 million on the balance sheet at 31 December 2018, the movement of which has been taken as a current tax credit.

Tangible fixed assets increased by £38.0 million from £98.7 million at 31 December 2017 to £136.7 million at 31 December 2018, principally due to additions in all categories amounting to £54.7 million relating to next generation Vivaro activity, with total depreciation charged during the year of £16.2 million.

Current assets increased by £91.1 million from £89.9 million at 31 December 2017 to £181.0 million at 31 December 2018 principally due to an increase in amounts owed by PSA and fellow subsidiary undertakings of £81.4 million and an increase in stocks of raw materials of £6.8 million.

Current liabilities increased by £106.6 million from £86.9 million at 31 December 2017 to £193.5 million at 31 December 2018. Of this, amounts payable to trade creditors increased by £98.4 million, amounts owed to fellow subsidiary companies increased by £2.5 million and creditors for taxation and social security increased by £5.7 million.

Net assets excluding pension liabilities increased by £23.1 million (2017: increase of £10.8 million) resulting from the changes described above. As detailed in note 14, the pension scheme deficit has increased by £2.5 million (2017: £61.8 million decrease).

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 PSA. 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 loss of a significant number of key personnel could adversely affect the Company's results of operations, cash flow and financial condition.

STRATEGIC REPORT FOR THE YEAR ENDED 2018 continued

PRINCIPAL RISKS AND UNCERTAINTIES continued

- 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.
- 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 was due to conclude with the UK's withdrawal from the European Union on 29 March 2019. The deadline has since been extended to 31 October 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 PSA. 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 Vehicles 2017 Pension Plan is currently in deficit. Increases in funding from the Company required to make good the deficit in the pension scheme could adversely affect cash flow and the financial condition of the Company.
- 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 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

NPBarrett

N P Barrett
Director
27 June 2019

DIRECTORS' REPORT

The Directors of the 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 2018.

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 2018, 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 grow during 2019 with the introduction of the next generation Opel/Vauxhall Vivaro based on PSA's EMP2 platform. Investment in the Luton Plant announced on 4 April 2018, will increase plant capacity to over 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 2018 or 31 December 2017. No final dividend is proposed for the year ended 31 December 2018 (2017: £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.

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:

S Norman	appointed 1 February 2018
R Harvey	resigned 10 January 2018
D Borland	resigned 28 February 2018
M Noble	appointed 21 August 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

NPBarrett

N P Barrett
Director
27 June 2019

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

We have audited the financial statements of IBC Vehicles Limited (the 'company') for the year ended 31 December 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("United Kingdom Generally Accepted Accounting Practice").

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of uncertainties due to Britain exiting the European Union on our audit

The Director's view on the impact of Brexit is disclosed on page 3. The terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the company and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

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

Use of the audit report

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

Robert Neate (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

15 July 2019

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2018

	Note	2018 £'000	2017 £'000
TURNOVER	2	848,149	805,893
Cost of sales		(830,635)	(795,599)
GROSS PROFIT		17,514	10,294
Administrative expenses		(975)	(466)
OPERATING PROFIT	3	16,539	9,828
Net interest payable	4	(352)	(695)
Other finance charges	14	(300)	(1,070)
PROFIT BEFORE TAXATION		15,887	8,063
Tax credit	5	3,611	9,234
PROFIT FOR THE FINANCIAL YEAR		19,498	17,297

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

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2018

	2018 £'000	2017 £'000
Profit for the financial year	19,498	17,297
Other comprehensive income:		
Actuarial gain recognised on the pension scheme (note 14)	1,300	22,815
Movement on deferred tax relating to pension deficit (note 13)	(221)	(5,447)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	20,577	34,665

BALANCE SHEET
31 December 2018

	Note	2018 £'000	2017 £'000
FIXED ASSETS			
Tangible assets	8	136,698	98,730
CURRENT ASSETS			
Stocks	9	24,006	17,385
Debtors			
– due within one year	10	150,261	67,975
– due after one year	10	6,747	4,532
Cash at bank and in hand		-	2
		181,014	89,894
CREDITORS:			
Amounts falling due within one year	11	(193,469)	(86,918)
NET CURRENT (LIABILITIES)/ASSETS		(12,455)	2,976
TOTAL ASSETS LESS CURRENT LIABILITIES		124,243	101,706
CREDITORS:			
Amounts falling due after more than one year	12	(1,130)	(1,663)
NET ASSETS EXCLUDING PENSION LIABILITIES		123,113	100,043
NET PENSION SCHEME LIABILITIES	14	(11,926)	(9,433)
NET ASSETS		111,187	90,610
CAPITAL AND RESERVES	15		
Called up share capital		239,000	239,000
Profit and loss account		(127,813)	(148,390)
SHAREHOLDER'S FUNDS		111,187	90,610

These financial statements were approved by the Board of Directors on 27 June 2019 and are signed on its behalf by:

N P Barrett
Director

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2018

	Note	Called up share capital £'000	Share-based payment reserve £'000	Profit and loss account £'000	Total £'000
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		-	-	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		-	-	37,880	37,880
Movement in share-based payments reserve		-	6	-	6
Transfer from share-based payment reserve		-	(108)	108	-
At 31 December 2017		**239,000**	-	**(148,390)**	**90,610**
Profit for the financial year		-	-	19,498	19,498
Actuarial gain recognised in the pension scheme	14	-	-	1,300	1,300
Movement on deferred tax relating to pension deficit	13	-	-	(221)	(221)
Total comprehensive income		-	-	20,577	20,577
At 31 December 2018		**239,000**	-	**(127,813)**	**111,187**

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

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 17.

Going concern

The Company generated profits in the year of £19.5 million. The balance sheet at 31 December 2018 shows that the Company has net current liabilities of £12.5 million and net assets of £111.2 million.

The Company is reliant on funding from the European treasury operations of Opel Automobile GmbH ("Opel"). To meet its liquidity needs Opel is itself reliant on a revolving credit facility from a subsidiary of PSA without maturity date ("the Opel/PSA agreement"). Current funding agreements between Opel and the Company have no maturity date, but are subject to termination on 30 days' notice. The Directors anticipate that funding will continue to be made available on similar terms and Opel has indicated its willingness to continue to provide financial support to the Company for a period of at least 12 months from the date of these financial statements.

The Directors are satisfied that, as at the date of approval of these financial statements, having made appropriate 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.

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

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 the IBC Vehicles 2017 Pension Plan ("IBC 2017 Plan") and to the VML 2017 Pension Plan ("VML 2017 Plan") during the year. 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.

VML 2017 Plan is a multi-employer scheme. 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 VML 2017 Plan to fund any deficit in the scheme and accordingly its participation in VML 2017 Plan 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 VML 2017 Plan represents the contributions payable by the Company during the year in respect of its participation in the Plan.

IBC 2017 Plan is a single-employer scheme 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

Remeasurements 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.

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.

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.

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 2018 and the key financial assumptions used to measure the obligation are disclosed in note 14.

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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

2. TURNOVER: GEOGRAPHICAL ANALYSIS BY DESTINATION

	2018 £'000	2017 £'000
United Kingdom	270,229	240,459
Other European countries	577,920	565,434
	848,149	805,893

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:

	2018 £'000	2017 £'000
Sale of goods	848,149	805,893
Interest income	158	1
Grant income (within cost of sales)	41	3,126
Revenue	848,348	809,020

3. OPERATING PROFIT

	2018 £'000	2017 £'000
Operating profit on ordinary activities before taxation is after (crediting)/charging:		
Depreciation of tangible fixed assets: owned assets	16,214	7,808
Loss on disposal of fixed assets	82	92
Cost of inventory recognised as an expense	736,111	714,272
Impairment losses on inventory	163	508
Foreign exchange (gain)/loss	(877)	4,487
Auditor's remuneration:		
Payable to the Company's auditor for audit of the Company's annual accounts	28	67

Impairment losses on inventory are included in cost of sales.

4. NET INTEREST PAYABLE

	2018 £'000	2017 £'000
Interest receivable		
Loans to group undertakings	148	1
Interest income on short term deposits	10	-
	158	1
Interest payable		
Loans from group undertakings	(469)	(661)
Finance lease interest payable	(41)	(35)
	(510)	(696)
Net interest payable	(352)	(695)

5. TAX CREDIT ON PROFIT

	2018 £'000	2017 £'000
Current tax:		
UK corporation tax at 19% (2017: 19.25%)	493	(3,275)
Over provision relating to prior years	65	343
Current tax	558	(2,932)
Deferred tax: origination and reversal of timing differences	(4,169)	(6,302)
Total tax	(3,611)	(9,234)

The tax assessed for the year differs to that resulting from applying the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
Profit before tax	15,887	8,063
Tax at UK rate of 19% (2017: 19.25%) thereon	3,019	1,552
Effects of:		
Permanent differences	198	180
Adjustments in respect of prior years	65	343
Recognised deferred tax	-	(11,309)
Unrecognised deferred tax	(6,893)	-
Total tax credit for the year	(3,611)	(9,234)

5. TAX CREDIT ON PROFIT continued

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 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.

6. DIRECTORS' EMOLUMENTS

	2018 £'000	2017 £'000
Aggregate emoluments	345	380
Aggregate of contributions paid in respect of money purchase pension schemes	6	6
	No.	**No.**
Number of Directors who received, or became eligible to receive, shares during the year (*includes highest paid Director)	-	1*

	2018 No.	2017 No.
Number of Directors who are members of a money purchase pension scheme	3	4
Number of Directors who are members of a defined benefit pension scheme	3	5
	£'000	**£'000**
In respect of the highest paid Director:		
Aggregate emoluments	228	263
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	34	32

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

7. EMPLOYEES

	2018 No.	2017 No.
Average monthly number of employees, including directors		
Administration	137	109
Production	1,127	1,309
	1,264	1,418

Costs	2018 £'000	2017 £'000
Wages and salaries	43,718	46,642
Social security costs	4,151	4,308
Pension costs (note 14)	9,900	8,755
	57,769	59,705

8. 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 2018	61,572	174,716	20,874	3,196	260,358
Additions	1,049	503	1,093	52,050	54,695
Disposals	-	(645)	(353)	-	(998)
Transfers	71	862	135	(1,068)	-
Total cost at 31 December 2018	62,692	175,436	21,749	54,178	314,055
Depreciation					
Depreciation at 1 January 2018	19,322	134,045	8,261	-	161,628
Charge for the year	1,040	6,147	9,027	-	16,214
Disposals	-	(473)	(12)	-	(485)
Total depreciation at 31 December 2018	20,362	139,719	17,276	-	177,357
Net book value					
At 31 December 2018	42,330	35,717	4,473	54,178	136,698
At 31 December 2017	42,250	40,671	12,613	3,196	98,730

9. STOCK

	2018 £'000	2017 £'000
Raw materials	23,598	16,793
Work in progress	408	592
	24,006	17,385

10. DEBTORS

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Trade debtors	3,594	3,917
Amounts owed by PSA and fellow subsidiary undertakings	140,406	58,972
Group relief receivable	2,758	3,316
Deferred taxation (see note 13)	3,503	1,770
	150,261	67,975
Amounts falling due after one year:		
Deferred taxation (see note 13)	6,747	4,532
	157,008	72,507

The amount of the net reversal of deferred tax expected to occur next year is £3,503,000 (2017: £1,770,000), relating to the reversal of existing timing difference on fixed assets. The remaining £6,747,000 will reverse after more than one year.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Trade creditors	177,925	79,513
Amounts owed to PSA and fellow subsidiary undertakings	2,997	539
Taxation and social security	9,330	3,652
Other creditors	2,199	2,464
Accruals and deferred income	1,018	750
	193,469	86,918

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

	2018 £'000	2017 £'000
Deferred income		
- regional development and assistance grants	1,130	1,663

The value of Regional Development and Assistance grants to be amortised after more than five years is £nil (2017: £31,000)

13. DEFERRED TAXATION

Deferred taxation provided for at 17% (2017: 17%) in the financial statements is set out below:

	Pension scheme deficit £'000	Losses £'000	Accelerated capital allowances £'000	Total £'000
At 1 January 2018	-	-	6,302	6,302
Movement in the year:				
Profit and loss account	1,122	3,692	(645)	4,169
Other comprehensive income	(221)	-	-	(221)
At 31 December 2018	901	3,692	5,657	10,250

£10.3 million of the total deferred tax asset has been recognised as at 31 December 2018 (2017: £6.3 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 2018 the amount of unused tax losses is £36.5 million (2017: £40.5 million) and the amount of unused research and development expenditure credit is £121,000 (2017: £121,000).There is no expiry date on timing differences, unused tax losses or tax credits.

14. PENSIONS

Description of the Plans

In the previous year, the Company made contributions to two pension plans, 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.

Subsequently, the Company has paid contributions to the IBC Vehicles 2017 Pension Plan ("IBC 2017 Plan") and to the VML 2017 Pension Plan ("VML 2017 Plan"). Both plans (and the two schemes where participation ceased in 2017) are 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.

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 subsequently. In addition, the Company made payments during similar periods, directly to the VMLPP and VML 2017 Plan of SMART contributions relating to those of its employees who participated in those plans.

Date of the most recent comprehensive actuarial valuation

Actuarial valuations for funding purposes are carried out at least every three years. The first triennial funding valuations of the IBC 2017 Plan and VML 2017 Plan are being carried out with the effective date 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 valuations were based on census data collected as at 31 December 2018.

Financial Reporting Standard 102 "Post-employment Benefits"

The VML 2017 Plan into which the Company contributed during the period is a multi-employer scheme. 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 schemes between different group companies which contribute to it. The Company was not required to pay contributions to VML 2017 Plan to fund any deficit in the scheme and accordingly its participation in VML 2017 Plan 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 VML 2017 Plan represents the contributions payable by the Company during the year in respect of its participation in the Plan.

The IBC 2017 Plan is a single employer scheme and is accounted for on a defined benefit basis.

14. PENSIONS continued

Pension cost

The Company's total pension cost for 2018 was £9.9 million (2017: £8.8 million). This figure includes £4.6 million in respect of the net defined benefit cost for the IBC 2017 Plan and £4.9 million in respect of the amount paid by the Company to Vauxhall Motors Limited in relation to its participation in VML 2017 Plan. The total charge relating to VDCPP alone amounted to £1.1 million.

Contributions to the Pension Plans

During 2018 the Company made contributions to the plans of £5.3 million (2017: £9.3 million). Additionally the Company makes 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.

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

For the period from:	to:	£'000
1 January 2019	31 December 2019	617.0
1 January 2020	31 December 2020	2,042.0
1 January 2021	30 September 2021	1,981.5
1 October 2021	31 December 2021	660.5
1 January 2022	31 December 2021	1,362.0
1 January 2023	31 December 2023	62.0

Employee benefit obligations

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

	IBC 2017 Plan 2018 £m	IBCVPP & IBC 2017 Plan 2017 £m
Effect of employee service in the current period	4.3	3.7
Plan introductions, changes, curtailments and settlements	-	(3.9)
Acquisitions and divestitures	-	(34.5)
Net interest on net defined benefit liability	0.3	1.1
Defined benefit cost recognised in the profit and loss account	4.6	(33.6)
Administration costs incurred during the period	0.3	0.5
Cost recognised in the profit and loss account	4.9	(33.1)

14. PENSIONS continued

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

	IBC 2017 Plan 2018 £m	IBCVPP & IBC 2017 Plan 2017 £m
Actuarial (gain)/loss arising during the period	(1.3)	(10.1)
Return on plan assets greater than discount rate	-	(12.7)
Remeasurement effects recognised in Other Comprehensive Income	(1.3)	(22.8)

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

The total cost relating to the scheme is as follows:

	IBC 2017 Plan 2018 £m	IBCVPP & IBC 2017 Plan 2017 £m
Cost recognised in the profit and loss account	4.9	(33.1)
Remeasurement effects recognised in Other Comprehensive Income	(1.3)	(22.8)
Total cost relating to defined benefit scheme	3.6	(55.9)

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 2018 £m	IBCVPP & IBC 2017 Plan 2017 £m
Present value of defined benefit obligations	(13.2)	(9.9)
Fair value of scheme assets	1.3	0.5
Net defined benefit liability	(11.9)	(9.4)

14. PENSIONS continued

Changes in the defined benefit obligation are as follows:

	IBC 2017 Plan 2018 £m	IBCVPP & IBC 2017 Plan 2017 £m
Opening defined benefit obligation	9.9	346.3
Effect of employee service in the current period	4.3	3.7
Change in assumptions	(0.9)	-
Interest cost on the defined benefit obligation	0.3	5.2
Remeasurement of the defined benefit obligation	(0.4)	(10.1)
Plan introductions, changes, curtailments, acquisition and settlements	-	(0.5)
Divestiture	-	(328.7)
Benefits paid from plan assets	-	(6.0)
Closing defined benefit obligation	13.2	9.9

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

	IBC 2017 Plan 2018 £m	IBCVPP & IBC 2017 Plan 2017 £m
Opening fair value of plan assets	0.5	275.1
Interest income on plan assets	-	4.1
Return on plan assets (excluding amounts included in net interest cost)	-	12.7
Employer contributions	1.1	5.9
Benefits paid out	-	(6.0)
Administration costs paid	(0.3)	(0.5)
Divestitures	-	(290.8)
Closing fair value of plan assets	1.3	0.5

At the date of signing these accounts, the contributions to be made by the Company to its defined benefit pension plans in 2019 await agreement between the Trustees of the Plans and the Company.

14. PENSIONS continued

The major categories of plan assets are as follows:

	IBC 2017 Plan 2018 £m	IBCVPP & IBC 2017 Plan 2017 £m
Other	1.3	0.5
Total fair value of assets	1.3	0.5

The principal actuarial assumptions at the balance sheet date were:

IBC 2017			
Date for actuarial assumptions		**31 Dec 2018**	**31 Dec 2017**
Plan participant census date		31 Dec 2018	1 Oct 2017
Discount rate for scheme liabilities	% pa	3.0	2.7
RPI inflation	% pa	3.2	3.2
CPI inflation	% pa	2.2	2.2
Rate of salary increase	% pa	3.2	3.2
Pension increases in payment			
- Guaranteed LPI (RPI to maximum of 5%)	% pa	3.1	3.1
- Guaranteed LPI (RPI to maximum of 2.5%)	% pa	2.2	2.2
- CPI maximum of 3%	% pa	2.0	1.95
Rate of increase in pensions in deferment			
- CPI capped at 5%	% pa	2.2	2.2
- CPI capped at 2.5%	% pa	2.2	2.2
Future life expectancies from age 65			
- Male currently aged 65	years	21.3	21.3
- Female currently aged 65	years	22.3	22.3
- Male currently aged 50	years	22.6	22.5
- Female currently aged 50	years	23.7	23.7

Assumptions at both 31 December 2017 and 31 December 2018

Assumed retirement age	62 for main benefit and top up pension 65 for SAP benefit
Commutation	20% of main benefit 60% of top up pension
Mortality assumptions:	
Base mortality table: SAPS 'S2'	114% for males 128% for females
Future improvements in longevity	CMI 16 projections with a 1.5% p.a. long term rate of improvement

15. CALLED UP SHARE CAPITAL AND RESERVES

	2018 £'000	2017 £'000
Allotted, called up and fully paid:		
239,000,000 (2017: 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.

16. COMMITMENTS

At 31 December 2018 there are capital expenditure commitments of £5.3 million which are contracted for at the balance sheet date but not provided for in these financial statements (2017: £1.4 million).

17. ULTIMATE PARENT UNDERTAKING

At 31 December 2018, 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 Rueil-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 Bahnhofsplatz, 65423 Rüsselsheim am Main, Germany.

18. 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.

As detailed in note 14, the Company made contributions to the IBC Vehicles 2017 Pension Plan ("IBC 2017 Plan"). Pensions administration costs, which for the first time in 2018 were charged directly to IBC 2017 Plan and included in the figures disclosed above, are £0.4 million. Of this £0.2 million was outstanding at the year-end and included in current debtors.

In due course the Company may incur pension investment costs which will also be charged to IBC 2017 Plan, however there are no amounts to be disclosed in the current year.