PEUGEOT MOTOR COMPANY PLC

FINANCIAL STATEMENTS AND ANNUAL REPORT 2019

REGISTERED NUMBER: 00148545

PEUGEOT MOTOR COMPANY PLC

DIRECTORS AND ADVISORS

DIRECTORS

D.J. Connell
J-P G. Imparato
A. Jones
K. O'Kelly
D. Peel
N. Willetts

COMPANY SECRETARY

M.E. Page

BANKERS

HSBC Bank PLC
Level 30
8 Canada Square
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National Westminster Bank PLC
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INDEPENDENT AUDITORS

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REGISTERED OFFICE

Pinley House
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REGISTERED NUMBER

00148545 England

DIRECTORS' REPORT

For the year ended 31 December 2019

The directors submit herewith the annual report and audited financial statements of the Company for the year ended 31 December 2019. The Company is registered in the United Kingdom under company number 00148545.

Results and dividends

The Company's profit on ordinary activities after tax amounted to £23,083,000 (2018: £6,772,000). In total, the profit on ordinary activities before tax was £28,467,000 (2018: £8,798,000).

The Company made a profit on the disposal of fixed assets, of £1,287,000 (2018: loss £806,000).

The Company continued to reinforce its strategy of reducing operating costs in 2019 in order to remain competitive.

No dividends were paid to the immediate holding company during the year (2018: £nil).

Directors and their interests

The directors who served during the year and up to the date of signing of the financial statements were as below:

D.J. Connell
S. Le Guevel (resigned 10 April 2019)
J-P G. Imparato
A. Jones (appointed 10 April 2019)
K. O'Kelly
D. Peel
N. Willetts

At the time of making this Report, a qualifying indemnity provision is in place for the benefit of the directors of the Company, covering their liabilities for wrongful acts.

Employees

a) Employment of disabled persons

It is the policy of the Company to:

- give full and fair consideration to all applicants for employment in the light of their abilities, aptitudes and medical status, so as to ensure that they may perform their function without risk to their health or that of others;

- reinstate wherever possible an employee who becomes disabled, either in his own job, or in other suitable employment and provide such on-the-job training as required; and

- provide disabled employees with the same opportunities for training, career development and promotion as other employees of the Company.

b) Health, safety and welfare at work of employees

The Company accords the greatest importance to the health and safety of its employees in their working environment. It accepts that it is the duty of management to design, construct, operate and maintain plant, equipment and facilities in such a manner as to prevent personal harm to employees, to those for whom it has a responsibility and to members of the general public. A comprehensive policy for health and safety has been published, circulated to all employees and implemented.

Employees (continued)

c) Employee involvement
Information as to the number of employees is given in note 5.

The Company regards its policy on employee communication as the key to effective employee involvement. In the period under review, the Company has maintained its practice of regularly providing all employees and, where they are represented, the Trade Unions, with information on the Company's financial and economic performance and plans. This is actioned by a wide variety of communications systems and techniques including formal and informal meetings and the Company intranet.

Where appropriate, the views of employees are taken into account in making decisions which are likely to affect their interests.

This proven system of communications to all employees is regularly monitored, reviewed and developed as necessary.

d) Training and young people
The Company continues to regard the training and development of all its employees as a high priority and in the past year has continued its support of a range of activities to support building capability. It also expanded its Talent and Development strategy as well as the solutions offered.

The UK Group continued its recruitment of Industrial Placement students, Graduates and Business Apprentices. The programmes include placements in various business functions, including those within the Company. The industrial placement and graduate trainees follow a structured development programme with a focus on personal development of key skills and behaviours to support their time within the Company and higher education. This includes use of blended learning solutions as well as mentoring by senior managers. The business apprentices study Business Administration level 3 framework over an 18 month training period. Previous industrial placement students from 2019, demonstrating the continued strength, engagement and depth of the scheme, will fill half of the graduate roles for 2020.

A professional education policy sponsors a number of people through professional qualifications; notably AAT, CIMA, ACCA, ILM and Digital Marketer.

Focus continued on our High Potential individuals in 2019, with the development of three new Talent Development programmes, the Growing programme offered to our first level line managers, the Evolving programme for people managers and the Transforming programme for those colleagues with executive level potential. All the programmes offer leadership based workshops using the PSA Leadership model as a framework. We introduced action learning groups, coaching circles and E-coaching, with networking events and business projects to challenge our colleagues. Colleagues on the programmes were also offered the opportunity to start a professional qualification in leadership and management or a specialist area, such as finance.

The Company provides training and development to all employees on a range of subjects including soft skill development, management, sales, Zone manager development, health and safety, information technology, compliance and business related activities. We also participated in the Group worldwide ‘Learning Booster’ event. This is delivered through a variety of mediums, for example classroom, e-learning, coaching, digital, job shadowing, projects and mentoring. All staff and managers in the Company have access to a range of online resources on a range of subjects aimed at personal and professional development.

Environment
The Company's environmental policies recognise the protection of the environment and natural resources as one of the principal business responsibilities. Actions to ensure compliance with relevant legislation and the continuous improvement of environmental performance are an integral part of those policies.

Going Concern
The Company's business activities, together with the factors likely to affect its future developments, its financial position, financial risk management objectives, credits and cash flow risk are described in the Strategic Report on page 6. After making the relevant enquiries, the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future.

The Company is ultimately a wholly-owned subsidiary of Peugeot S.A. ("Groupe PSA" being the generic name), which is a company listed on the NYSE Euronext Paris stock exchange. Its operations are fully integrated into those of Groupe PSA. The 2019 consolidated financial statements of Groupe PSA, the management report, the auditors' reports and the other information provided to shareholders are available on the website of Groupe PSA at the following address: www.groupe-psa.com/en

The Company's activity was impacted by the Codiv-19 epidemic from mid-March 2020, significantly affecting all of our production means, our supply chains and our commercial activities and other consequences in operations management. This event does not however call into question the hypothesis of the accounts closing for the financial year ended 31 December 2019 according to the principle of going concern, the company benefiting in particular from the Group's cash pooling facilities to manage its current cash and the financial support from its shareholders for the next 12 months.

Directors' responsibilities statement
The directors are responsible for preparing the Directors' Report, the Strategic 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). 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 accounting estimates that are reasonable and prudent; and
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

Statement of disclosure of information to auditors
In the case of each director in office, at the date the Directors' Report is approved, so far as the director is aware, there is no relevant audit information of which Mazars LLP are unaware, and the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information, and to establish that Mazars LLP are aware of that information.

Independent auditors
In accordance with s489 of the Companies Act 2006, a resolution is to be proposed at the Annual General meeting for reappointment of Mazars LLP as auditor of the Company.

For and on behalf of the Board

N. Willetts
Director
19 June 2020

STRATEGIC REPORT
For the year ended 31 December 2019

Principal activities
The principal activity continues to be the distribution and sale of Peugeot cars, Light Commercial Vehicles (LCV) and replacement parts in the UK.

Review of the business
In the year to 31 December 2019 the new car market decreased by 2.4% from 2.367 million vehicles in 2018 to 2.311 million vehicles. The Retail Market decreased by 3.2% whilst the Fleet Market decreased by 1.7%. The diesel mix continued to decrease in 2019 (down by 17.9%) to 26.6% of the market. The Light Commercial Vehicle LCV market was up compared to 2018, increasing 2.2% to 374,000 vehicles.

In 2019, as a continuing consequence of the Brexit vote on 24 June 2016 and the subsequent volatility in the exchange rate between Sterling and the Euro, the market growth slowed down and the Company has had to continue to adapt its activity. Continuing our policy of not having any hedging cover for exchange rate movements, the choice was made to increase prices and limit the volume of vehicles imported, allowing us to protect our level of profitability by avoiding unprofitable deals.

Peugeot's new car registrations decreased 0.24% to 80,851 vehicles, however in the reduced car market this represented an improved market share of 3.50 %, from the 3.42% achieved in 2018. The volume of Peugeot’s LCV registrations decreased by 1.50% versus 2018 to 35,423 vehicles and our market share in 2019 decreased to 9.46%. Peugeot's combined market share of new cars and LCV increased from 4.28% in 2018 to 4.33% in 2019.

Contributing to this performance in new car sales was the strong SUV range which includes 3008 SUV & 5008 SUV, compensating partially for the decrease in sales of older models and other models with lower profit margins. The LCV sales have been supported by the continuing success of Expert and Partner.

The Peugeot network reduced from 182 dealers at the end of 2018 to 181 at the end of 2019.

Used vehicle sales volumes decrease by 4.8% in 2019 compared with 2018.

In 2019, the Income Statement included an operating profit of £19,920,000 (2018: loss of £2,564,000). There has been no formal Advanced Pricing Agreement (APA) in effect since 1st January 2019, instead the Groupe PSA Transfer Pricing Policy has been applied which has resulted in a higher level of profitability. A profit arising from the disposal of land and buildings of £1,287,000 (2018: loss £806,000) has been achieved, interest receivable and similar income has reduced to £4,041,000 (2018 : £7,144,000) due principally to a reduction in interest received from loans to group undertakings, and the adoption of IFRS 16 Leases from 1 January 2019 has increased interest payable and similar charges by £1,429,000. Overall these factors have resulted in profit before tax increasing to £28,467,000 in 2019, from £8,798,000 in 2018.

Prospects
In 2020, we expect the car market to further decline by 33.9% to 1.528 million vehicles and the LCV market to decline by 27.4% to 272,000 vehicles, due to the impact of the COVID-19 pandemic.

The new car performance will be assisted by the continuing success of 3008 SUV & 5008 SUV, the new car of the year award winning 208 and the new 2008. In addition to the new low emission vehicle range, 3008 Hybrid, 508 Hybrid, 208 electric and the launch in Q2 of the new 2008 electric. LCV performance will be aided by the continuing success of the new Expert and Partner vans.

As in 2019, the market is expected to remain extremely competitive in 2020 with some uncertainty over the evolution of the exchange rate and the UK economy pre any final agreement over trading arrangements with the EU coupled with the COVID-19 pandemic. The market may also be impacted by tightening CAFÉ regulations in relation to the average CO2 output of cars. In this context, Peugeot will strive to reach its ambitious market share targets whilst focusing on profitable business and maintaining its stock of vehicles at a similar level to the one achieved in 2019.

Principal risks and uncertainties
The key risk remains the health of the UK economy and its effect on the pound in the UK car market. Sales strategies and opportunities are continually reviewed, and action plans are developed and reviewed on a monthly basis with reference to the current and forecasted market and economic indicators.

Brexit
Brexit remains a significant risk to the UK economy. The timing, the precise terms and nature of our trading relationship with Europe, and the level of success in seeking trade agreements with new world trading partners, are all fundamentally unknown at this time. This makes predicting the consequences of Brexit impossible to foresee with any certainty.

Coronavirus (COVID-19)
Between the end of the accounting year on 31 December 2019 and the date these financial statements were approved by the board of directors, the world wide coronavirus pandemic (COVID-19) has developed.
From mid-March 2020, the trading and activities of the Company have been significantly impacted by COVID-19. Demand for the products of all vehicle distributors in the UK market reduced dramatically in the period April to May 2020 by 91% compared to the same period in 2019. The Peugeot franchise suffered a smaller reduction in its registrations of new vehicles in this period of only 86%. The Company responded promptly to this situation by closing facilities in both recognition of reduced demand and also to protect employees. Employees have been successfully working from home during the COVID-19 crisis to maintain the Company's operations.
Strategies to minimise net cash outflow have been implemented by both the Company and the parent Groupe PSA. For the Company these measures have included taking advantage of the UK Government Coronavirus Job Retention Scheme (Furlough scheme) to reduce the financial burden of maintaining the workforce in employment.
As a priority for the Company, Health and Safety Protocols have been developed with medical experts and in line with Government advice. The Company facilities have now had COVID-19 measures implemented to ensure they are safe for employees and that status has been successfully audited. The Company has developed alternative strategies for on-line selling and safe delivery methods, embracing the necessary "social distancing" protocols, to be able to take maximum advantage trading in this very different and challenging environment.
When these accounts were approved by the directors, the complete and long-term impact of COVID-19 on the activity and the financial situation of the Company could not be determined with certainty, however Groupe PSA has indicated its full support to ensure the Company can meet all of its financial commitments for the next twelve months

Financial risk management
The Company's operations expose it to a number of financial risks that include the effects of foreign exchange rate movements, credit risk and interest rate cash flow risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs. The Company does not use derivative financial instruments to manage interest rate costs and therefore no hedge accounting is applied.

Foreign exchange rate risk
The Company has some exposure to foreign exchange rate risk. However, the commercial strategy the Company has adopted, in a context of an unstable exchange rate of Sterling vs the Euro post Brexit vote, is to continue not to hedge foreign currency transactions.

Credit risk
The Company has implemented policies that require appropriate credit checks on potential customers before sales are made and continual monitoring of existing customers. The Company also performs credit checks on key suppliers.

Interest rate cash flow risk
The Company has both interest bearing assets and liabilities, all of which are on floating rate interest terms. This exposure is almost entirely to other entities within Groupe PSA and is therefore not considered to be a significant risk.

Key performance indicators

The management team analyse various key performance indicators as part of their overall strategic review but have identified the following as being particularly important:

	2019	2018
New cars registered	80,851	81,082
Car market share	3.50%	3.41%
New vans registered	35,423	37,749
Van market share	9.46%	10.15%

- Market penetration by model, segment and sales channel;
- Sales performance versus main competitors;
- Sales volumes versus budget, forecast and prior year;
- Channel mix vs budget, forecast and prior year;
- Parts activity: sales and result;
- Used Car Activity: sales and result;
- Quality statistics New Vehicles and Aftersales.

Share capital and reserves

The movements in reserves are shown in note 19 to the financial statements.

Section 172 statement - Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties as detailed in Section 172 of the Companies Act 2006. This is summarised as follows:
"A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so have regard (amongst other matters) to:
(a) the likely consequences of any decision in the long term;
(b) the interests of the company's employees;
(c) the need to foster the company's business relationships with suppliers, customers and others;
(d) the impact of the company's operations on the community and the environment;
(e) the desirability of the company maintaining a reputation for high standards of business conduct; and
(f) the need to act fairly as between members of the company.

The board of directors ("the Board") of Peugeot Motor Company plc consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole in decisions taken during the year-ending 31 December 2019.

In making this assessment the Board considers the matters on the following page to be of particular relevance:

Section 172 requirement	Examples of how the Board's discussions and decision making have taken this into account	Referenced in the Directors /Strategic Report
(a) the likely consequences of any decision in the long term;	Investing in significant transformation of the aftersales distribution with the integration of Vauxhall parts supply now added to the existing "Distrigo" distribution and the consolidation of two warehouses into one; Focussing attention on every line of expense to ensure maximum return to our shareholders.	
(b) the interests of the Company's employees;	Emphasis of employee personal development and training using on-line courses provided by The PSA university; Engaging in regular employee surveys to assess employee engagement and well-being; The implementation of a range of talent development programmes to encourage the realisation of the potential of our workforce. Regular meetings and consultation with the Trade Union and Employee Forum representatives to retain constant two-way flow of communication.	Pages 2 & 3 – Health & Safety; Employee involvement; Training and young people
(c) the need to foster the Company's business relationships with suppliers, customers and others;	Annual dealer conferences are held to engage our network with forthcoming product launches and share our medium to long-term plans; New product launches are attended by our customers; Our own Training Academy provides continuous support to our dealership network.. The Company is also part of the Groupe PSA supplier management processes, which include awards to recognise and celebrate excellence in our supply chain.	
(d) the impact of the Company's operations on the community and the environment;	The Board is very aware of its importance in the community as one of the largest employers in the area; It fully supports the Heart of England Charity and supports local and national projects via the Peugeot Charity Trust. The Company's environmental policies recognise the protection of the environment and natural resources as one of the principal business responsibilities. In 2019 the Company invested in electric vehicle charging points across its sites and used the results of the ESOS energy audits to inform the environmental impact it has and how to reduce it.	page 3 - Environment
(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and	The Board is committed to complying with all applicable regulations and requires every employee to agree to the Code of Conduct rules issued by Groupe PSA. A strong compliance culture is encouraged with annual reviews of Conflict of Interest and Code of Conduct rules. The Company has also invested in strengthened GDPR activities to educate and inform the workforce on the importance of this topic.	
(f) the need to act fairly as between members of the Company.	The Company is a 100% owned subsidiary of Groupe PSA and regularly engages with its parent company to ensure Company plans are fully aligned with those of the Group. This will include Group approval of annual budgets, medium term plans and new product launches.	

For and on behalf of the Board

N. Willetts
Director
19 June 2020

Opinion

We have audited the financial statements of Peugeot Motor Company plc (the 'company') for the year ended 31 December 2019 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet 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 101 "Reduced Disclosure Framework" (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 2019 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.

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 7, and the consideration in the going concern basis of preparation on page 19 and non- adjusting post balance sheet events on page 42.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19, The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company and group's trade, customers, suppliers and the wider economy.

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.

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 4, 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 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.

Louis Burns (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street
Birmingham
B3 2RT

Date: 19 June 2020

PEUGEOT MOTOR COMPANY PLC

INCOME STATEMENT
For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Revenue	3	1,770,896	1,707,356
Cost of sales		(1,654,111)	(1,605,747)
Gross profit		116,785	101,609
Other income – Property rental income	2.4(a)	9,552	-
Distribution costs		(98,482)	(94,407)
Administrative expenses		(7,935)	(9,766)
Net Operating Profit / (Loss)		19,920	(2,564)
Profit / (Loss) on disposal of fixed assets	4	1,287	(806)
Operating Profit / (Loss)	4	21,207	(3,370)
Interest receivable and similar income	7	4,041	7,144
Interest payable and similar charges	8	(3,066)	(1,481)
Other finance income – pensions	24	6,285	6,505
Profit on ordinary activities before taxation		28,467	8,798
Tax on profit on ordinary activities	9	(5,384)	(2,026)
Profit after tax for the financial year		**23,083**	**6,772**

All of the above results arise from continuing operations.

The impacts of implementing IFRS 16 with effect from 1 January 2019 are described in note 2.4.
The movement on reserves is shown in note 19 to the financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £'000	2018 £'000
Profit for the financial year	19	23,083	6,772
Other comprehensive income: items that will not be reclassified to profit or loss			
Re-measurement of net defined benefit pension scheme surplus	24	(6,469)	(47,132)
Movement of IFRIC 14 provisions	24	33,352	(193)
Deferred tax relating to pension scheme	16	(4,570)	8,045
Other comprehensive profit / (loss) for the year, net of tax	19	22,313	(39,280)
Total comprehensive profit / (loss) for the year		45,396	(32,508)

STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2019

	Called up share capital £'000 *(note 18)*	Share premium account £'000 *(note 19)*	Retained earnings £'000 *(note 19)*	Total £'000
At 1 January 2018	10,817	9,900	165,680	186,397
Profit for the financial year	-	-	6,772	6,772
Other comprehensive loss	-	-	(39,280)	(39,280)
Total comprehensive loss for the year	-	-	(32,508)	(32,508)
At 31 December 2018	10,817	9,900	133,172	153,889
Profit for the financial year	-	-	23,083	23,083
Other comprehensive profit	-	-	22,313	22,313
Total comprehensive profit for the year	-	-	45,396	45,396
At 31 December 2019	10,817	9,900	178,568	199,285

The impacts of implementing IFRS 16 with effect from 1 January 2019 are described in note 2.4.

PEUGEOT MOTOR COMPANY PLC

BALANCE SHEET
For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Fixed assets:			
Tangible assets	10	96,123	14,658
Current assets:			
Stock	11	260,307	246,040
Debtors :			
Amounts falling due within one year	12	315,793	433,555
Amounts falling due after one year	13	227,161	198,559
Cash at bank and in hand	21	5,684	1,065
		808,945	879,219
Creditors: Amounts falling due within one year	14	(697,008)	(759,452)
Net current assets		**111,937**	**119,767**
Total assets less current liabilities		**208,060**	**134,425**
Creditors: Amounts falling due after more than one year	15	(130,028)	(65,187)
Provisions for liabilities and charges	16	(95,650)	(94,905)
Defined benefit pension plan surplus	24	216,903	179,556
Net assets		**199,285**	**153,889**
Capital and reserves:			
Called up share capital	18	10,817	10,817
Share premium	19	9,900	9,900
Retained earnings	19	178,568	133,172
Total equity		**199,285**	**153,889**

The impacts of implementing IFRS 16 with effect from 1 January 2019 are described in note 2.4.

The financial statements on pages 13 to 42 were approved by the board of directors on 19 June 2020 and were signed on its behalf by:

N. Willetts
Director
Company number: 00148545

1 Authorisation of financial statements and statement of compliance with FRS 101

The company, Peugeot Motor Company PLC, is incorporated and domiciled in England and Wales.
These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements are prepared under the historical cost convention.
The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.
The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Automobiles Peugeot S.A. which is incorporated in France.
Copies of the accounts of the ultimate holding company are available from the Company Secretary, Peugeot S.A., 7 rue Henri Sainte-Claire Deville, 92563, Rueil-Malmaison, France. The principal accounting policies adopted by the Company are set out in note 2.

2 Accounting policies

2.1 Basis of preparation

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101 'Reduced Disclosure Framework'. Therefore these financial statements do not include:

• certain comparative information as otherwise required by EU-endorsed IFRS;
• certain disclosures regarding the Company's capital;
• certain disclosures regarding revenue;
• a statement of cash flows;
• the effect of future accounting standards not yet adopted;
• the disclosure of the remuneration of key management personnel; and
• disclosure of related party transactions with other wholly owned members of the group headed by Peugeot S.A.

In addition, and in accordance with FRS 101 'Reduced Disclosure Framework', further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Peugeot S.A. These financial statements do not include certain disclosures in respect of:
• Share-based payments;
• Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
• Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
• Impairment of assets.

The financial statements of Peugeot S.A can be obtained as described in note 27.

2.2 Adoption of new and revised standards

The adoption of the following mentioned standards, amendments and interpretations in the current year has not had a material impact on the financial statements.

	EU effective date, periods beginning on or after
IFRIC23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IAS 19 Employee Benefits : Plan Amendment, Curtailment or Settlement	1 January 2019
IFRS9 Amendments to prepayments with negative compensation	1 January 2019
Annual Improvements to IFRSs 2015-2017 cycle	1 January 2019
Amendments to IAS 28 Investments in Associates and Joint Ventures : Long-term Interests in Associates and Joint Ventures	1 January 2019

2.3 Adoption of IFRS16 - Leases

The Company applied IFRS 16 – Leases at 1 January 2019 (mandatory application date). This standard replaces IAS 17 and the IFRIC 4, SIC 15 and SIC 27 interpretations.
For the lessees, recognition is now based on a single model, resulting from the elimination of the distinction between operating leases and finance leases.
IFRS 16 stipulates the recognition of any leases on the balance sheet of the lessees, with the recognition of an asset (representing the right-of-use of the leased asset for the term of the lease) and of a liability (for the obligation to pay rent).
The assumptions used by the Company from among the transition and permanent recognition options provided by IFRS 16 are the following:

- Transition measures:
  - Use of the modified retrospective approach. No restatement of the comparative periods;
  - The identical classification of asset and liability balances for finance leases identified under IAS 17 in right-of-use assets and lease liabilities as authorized by the standard;
  - The lease liability is assessed at the present value of the rental payments remaining due. The Company makes use of knowledge acquired after the fact, for example, to determine the term of a lease that contains renewal or termination options;
  - The right-of-use asset as at the transition date is equal to the liability of the lease, adjusted for the amount of the rent payments paid in advance or to be paid, and less any lease incentives received. The initial direct costs are included in the valuation of the right-of-use on the transition date;
  - Exemption of leases whose remaining term is less than 12 months at 1 January 2019, and the low-value leases held by the Company;
  - The discount rate applied on the transition date corresponds to the incremental borrowing rate determined on the remaining term of the leases for the Company;
  - The Company opted to record deferred taxes for the net amount of temporary differences resulting from the first application of IFRS 16.
- Permanent recognition:
  - Exemption of new short-term leases (term of less than 12 months including economic incentive renewal periods) and low-value leases;
  - The lease term corresponds to the non-cancellable period of each lease, to which should be added any renewal option that the Company is reasonably certain to take advantage of, and any option of termination that the Company is reasonably certain to not use;
  - The discount rate corresponds to the incremental borrowing rate determined on the lease term of the leases for the Company; this rate is defined according to the duration of the contract in order to take into account the payment profiles. The incremental borrowing rate is a default rate, to be used only if the interest rate implicit in the contract can not be easily determined.

On the date of adoption of IFRS 16, which corresponds to the date on which the leased asset is made available to the lessee, the leases, as defined by IFRS – 16 Leases are recognised:

- As fixed assets (right-of-use) for the amount of the rent payments (determined above), increased by advance payments made to the lessor, initial direct costs incurred, less any lease incentives received, as well as an estimation of the costs of decommissioning or of refurbishing the leased asset according to the terms of the lease, if applicable; and
- As financial liabilities for the amount of rent payments over the term of the lease as determined above, discounted at the rate determined above.

These fixed assets are depreciated on a straight-line basis, either over the term of the lease, or for their useful life, if it is less than the term of the lease or if the lease transfers ownership of the asset to the lessee, or if there is a purchase option that is reasonably certain to be exercised.

2.4 Impact of the first-time application of IFRS 16 – Impact on the 2019 financial statements

(a) *Income Statement*
The impact of the first-time application of IFRS 16 on the income statement for the year ended 31 December 2019 was as follows:

- A positive impact on Operating profit of £735,000 as explained in the following table :

	£'000
Other Income – Dealership rental income from subsidiary undertaking – PSA Retail UK Limited	9,552
Distribution costs - Property lease expense on dealership premises sublet to subsidiary undertaking PSA Retail UK Limited	(9,552)
Distribution costs - Reversal of property & plant lease expense under IAS 17	9,752
Distribution costs - Depreciation expense of the related right of use assets under IFRS 16	(9,017)
Net impact on operating income	735

- A negative impact on Interest payable and similar charges of £(1,429,000) in respect of the implied interest charge within the leases.
- The total impact on the income statement is a reduction in profit before tax of £694,000.

(b) *Balance Sheet*
The impacts of the first-time application of IFRS 16 on the balance sheet at 1 January 2019 were:

- For the assets :
  - The rights of use asset included in fixed assets of £93,459,000;
  - The prepaid expenses within other debtors reduced by £(1,056,000).
- For the liabilities :
  - The lease liabilities reported under :
    - Creditors : amounts falling due after more than one year increased by £(84,116,000);
    - Creditors : amounts falling due within one year increased by £(8,286,000).

(c) *Reconciliation of the lease liabilities and the off-balance sheet commitments as at 1 January 2019*

	At 1 January 2019 £'000
Lease commitments as previously reported	98,903
Additional lease commitments identified at 1 January 2019, not previously reported	1,971
Lease commitments before adoption of IFRS 16	100,874
Exemptions (less than 12 months or low value)	(115)
Discount rate	(8,357)
Lease liabilities moved on balance sheet	92,402

2 Accounting policies (continued)

2.5 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Going Concern Basis
In 2020 the world wide coronavirus pandemic (COVID-19) has occurred. COVID-19 is considered to be a non-adjusting post balance sheet event for the 31 December 2019 financial statements with no significant implications for the assets and liabilities at that date.
The company's activity was impacted by the Codiv-19 epidemic from mid-March 2020. On the date of the approval of these financial statements, the impact of this event on the ongoing activity and the financial situation of the company in the future cannot be precisely foreseen by Management. However after due consideration of all information available to Management at the date of approval of these financial statements, including the benefit of the PSA Group's cash pooling facilities to manage its current cash and the financial support of the parent company, it was considered that the going concern basis of preparation of these accounts was appropriate.

Taxation
Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.
The following estimates are dependent upon assumptions, which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

Accruals for commercial programmes and costs
Bonuses, commissions and incentive payments are payable to Peugeot franchisees after the sale of vehicles to them. The level of these payments depends on the subsequent sales channel and overall volume achievement of the franchisee, under the terms of sales programmes in force when the franchisee sells the vehicle to the end customer. There are also significant promotion and advertising costs for the Company's products, which must be estimated.

Vehicle future forecast residual values
The reported profitability of vehicles sold with an expected future buy-back commitment depends upon the accurate forecasting of the future resale value of these vehicles. This is forecast and regularly reviewed by the Company's Residual Value Committee, using data from a third party industry expert who monitors current resale values and forecasts future market conditions and resale values. There has been no significant change to forecast residual values since the prior year.

Warranty
The provision calculated to cover the estimated cost of vehicle and parts warranties at the time of sale is based on historical information regarding actual costs incurred.

Leasehold dilapidations
The Company estimates annually the expected costs to return leasehold premises to the condition required under the terms of the lease when the lease comes to an end.

2 Accounting policies (continued)

2.5 Judgements and key sources of estimation uncertainty (continued)

Pension and other post-employment benefits
The costs of the defined benefit pensions plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates. Further details are given in note 24.

2.6 Significant accounting policies

(a) *Revenue*: Revenue comprises amounts invoiced to customers outside the Company, net of those sales incentives programmes that can be identified at the point of sale and is exclusive of Value Added Tax.
The Company recognises revenue when performance obligations have been satisfied and control of the product has passed to the customer. This takes place at the point of consignment of a vehicle to a customer, or for spare parts when they have been dispatched and invoiced to the customer.
No sale is recognised where, following disposal of legal title to a vehicle, the Company retains a significant financial interest. The Company's interest in this vehicle is retained in stock, with a creditor being recognised for the contracted buyback price. Income under such agreements, measured as the difference between the initial sale price and the buyback price, is credited on a straight-line basis over the term of the agreement, with a corresponding cost recognised over the term of the agreement based on the difference between vehicle cost, including estimated costs of resale, and the expected net realisable value.

(b) *Taxation*: The charge for taxation is based on the results for the year and takes into account taxation deferred because of temporary timing differences between the treatment of certain items for taxation and accounting purposes. Full provision is made for deferred taxation in respect of capital allowances and other timing differences except for deferred tax assets where it is not probable that the assets will be recoverable in the foreseeable future.
Deferred tax assets and liabilities are not discounted. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable tax profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.
Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.
Income tax is charged or credited to other comprehensive income if it relates to items that are credited or charged to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the Income Statement.

(c) *Investments in subsidiaries*: Investments held as fixed assets are stated at cost less provision for any impairment. An impairment loss will be recognised whenever the carrying value of the investment exceeds its recoverable amount. The recoverable amount is the higher of the investment's net realisable value and its value-in-use. In assessing the value in use, the estimated future cash flows generated are discounted to their present value using a post-tax discount rate that reflects the current market assumptions of the time value of money and the risks specific to the asset concerned. Impairment losses are recognised in the Income Statement.

2 Accounting policies (continued)

2.6 Significant accounting policies (continued)

(d) *Repurchase agreements*: In instances where the Company has a commitment to repurchase a vehicle held by a customer or a fellow group company, provision is made for the excess of the amount for which the Company is committed to purchase the vehicle over the estimated market value for that vehicle at the expected date of the future re-sale. Buy-back provisions for Guaranteed Vehicle Repurchases are calculated with reference to an independent third party based upon current and expected future market conditions.

(e) *Tangible fixed assets*: Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated so as to write off the cost or valuation on a straight line basis over the estimated useful lives of the assets as follows:

Freehold Land	Nil
Freehold Buildings	4% - 5%
Leasehold Land and Buildings	Over period of lease
Plant and Equipment	5% - 33.3%

(f) *Stocks*: Stocks are stated at the lower of cost (original purchase price) and net realisable value (current market valuation). Provision is made where necessary for obsolete, slow-moving and defective stocks.

(g) *Leased assets*: IFRS 16 stipulates the recognition of any leases on the balance sheet of a lessee, with the recognition of an asset (representing the right-of-use of the leased asset for the term of the lease) and of a liability (for the obligation to pay rent).
The value of the right-of-use asset is the amount of the rent payments over the term of the lease, increased by advance payments made to the lessor, initial direct costs incurred, less any lease incentives received, as well as an estimation of the costs of decommissioning or of refurbishing the leased asset according to the terms of the lease, if applicable.
The lease term corresponds to the non-cancellable period of each lease, to which should be added any renewal option that the Company is reasonably certain to take advantage of, and any option of termination that the Company is reasonably certain to not use.
The fixed assets representing the value of the right-of-use asset are depreciated on a straight-line basis, either for the term of the lease, or for their useful life, if it is less than the term of the lease or if the lease transfers ownership of the asset to the lessee, or if there is a purchase option that is reasonably certain to be exercised.
The financial liability is derived from the value of the rent payments over the term of the lease as determined above, discounted over the term of the lease. The discount rate corresponds to the incremental borrowing rate determined on the lease term of the leases for the Company; this rate is defined according to the duration of the contract in order to take into account the payment profiles. The incremental borrowing rate is a default rate, to be used only if the interest rate implicit in the contract can not be easily determined.
Leases of less than 12 months duration or where each individual asset being leased has a value of less than $5,000 US dollars are exempt from these requirements and their lease rentals continue to be charged to the income statement in the year to which they relate.

(h) *Foreign currencies*: Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the Income Statement.

2 Accounting policies (continued)

2.6 Significant accounting policies (continued)

(i) *Pensions*: The Company participates in two defined benefit pension plans, both of which require contributions to be made to separately administered funds. The schemes were closed to new members in April 2002 from which time membership of a defined contribution plan has been available. An actuarially valued share of the net assets of the PSA Group UK Pension Plan is included in these accounts because the participating employers have a right to any surplus assets on the winding up of the plan. An actuarially valued share of the net assets of the Peugeot Advanced Pension Plan is also included in these accounts, however because the participating employer has no right to any surplus assets on the winding up of the plan, an IFRIC 14 provision is made against the net accounting surplus of assets over defined benefit obligations, arising under the IAS 19(R) basis of valuation, and also against the future contributions to this specific pension plan which the Company is obliged to make under the current schedule of contributions
The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice.
Past service costs are recognised in the Income Statement on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss recognised in the Income Statement during the period in which the settlement or curtailment occurs.
Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the Income Statement as other finance revenue or cost.
Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net assets (excluding amounts included in net interest), are recognized immediately in other comprehensive income in the period in which they occur.
The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions.
Contributions to defined contribution schemes are recognised in the Income Statement in the period in which they become payable.

(j) *Warranty costs*: A provision is calculated to cover the estimated cost of vehicle and parts warranties at the time of sale. Historical information regarding actual costs incurred is used to calculate this provision. Warranty provisions are not discounted because management feel that the impact on the financial statements is immaterial.

(k) *Leasehold dilapidations*: A provision is made as outlined under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, to cover the estimated cost of dilapidations on leased dealership properties and is discounted at a rate reflecting long term corporate yield and inflation rates. Property reviews and valuations are undertaken by external surveyors on a periodic basis.

2 Accounting policies (continued)

2.6 Significant accounting policies (continued)

(l) *Provisions for liabilities*: A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.
Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

(m) *Financial instruments:* The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below.

Financial assets
The Company classifies all of its financial assets as assets measured at amortised costs. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

For trade receivables, which are reported net, provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

The Company recognises lifetime expected credit losses (ECL) on all its financial assets held at amortised costs. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities
The Company classifies all of its financial liabilities as liabilities at amortised cost. Financial liabilities at amortised cost including borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

3 Revenue

All of the revenue in the year emanated from the United Kingdom.

	2019 £'000	2018 £'000
New vehicles	1,396,816	1,326,293
New vehicle operating lease rentals from contracts expiring within one year	13,242	12,081
Used vehicles	205,023	204,547
Replacement parts	150,660	159,153
Other	5,155	5,282
	1,770,896	1,707,356

4 Operating profit / (loss)

Operating profit / (loss) is stated after charging / (crediting) the following:

	2019 £'000	2018 £'000
Depreciation of tangible fixed assets:		
- owned assets	777	1,409
- leasehold assets	106	399
- Right-of-use leased assets	9,017	-
Property rental receivable from a fellow Groupe PSA undertaking	(9,552)	-
(Profit) / Loss on disposal of fixed assets	(1,287)	806
Restructuring provision	(787)	5,905
Foreign exchange differences charged / (credited) to administrative expenses	43	(12)
Operating lease rentals paid under IAS 17 criteria:		
- plant and machinery (low value assets)	-	334
- land and buildings	-	1,538
Leases of low value assets under IFRS 16 criteria	119	-
Auditor's remuneration:		
- audit services	45	44
- other non-audit services	-	-

5 Employee information

The average monthly number of employees of the Company in the United Kingdom during the year was:

	2019 Number	2018 Number
Selling and Distribution	93	140
Administration	5	5
	98	145

5 Employee information (continued)

The total cost of employment borne by the Company during the year was:

	2019 £'000	2018 £'000
Aggregate remuneration paid to employees	4,975	5,879
Social security costs	637	626
Pension costs	1,785	2,088
	7,397	8,593

Included in pension costs are actuarially calculated defined benefit costs in respect of the PSA Group UK Pension Plan (formerly the Peugeot Pension Plan) of £1,422,000 (2018: £1,825,000) and contributions to a Stakeholder pension scheme amounting to £363,000 (2018: £263,000). There are no active members of the Peugeot Advanced Pension Plan and consequentially the actuarially calculated cost of this plan in the year is £nil (2018: £nil). The Company paid no pension augmentations in the year (2018: £nil).

Emoluments of the directors of Peugeot Motor Company PLC

	2019 £'000	2018 £'000
Directors emoluments	303	277
Pension contributions	84	76
Total emoluments including fees of £nil (2018:£nil)	387	353

Some of the directors of the Company are also directors of other fellow PSA subsidiaries. These directors of the Company received remuneration for the year in respect of services provided to the company as disclosed in the table below, all of which was borne by Peugeot Citroen Automobiles UK Ltd.

	2019 £'000	2018 £'000
Salary	277	215
Pensions	20	14
	297	229

In respect of the highest paid director:

	2019 £'000	2018 £'000
Highest paid director	203	185

There was one director to whom retirement benefits were accruing under the defined benefit scheme in the current year (2018: one).

5 Employee information (continued)

Share Based Payments To Directors
Peugeot Motor Company plc's incentive scheme awards outstanding at 31 December 2019 consists of performance shares granted in the ordinary shares of the ultimate parent company, Peugeot SA ("PSA"), to certain beneficiaries. The amounts outstanding at 31 December 2019 consists of those shares awarded under the Performance Share Award Plans for 2016 and 2017 (the "Plans"). The Plans are administered by the Management Board of PSA and under these two Plans, awards were granted on the basis of the performance of PSA over the years 2016-2018 and 2017-2019 respectively, with both plans vesting in 2019. Further performance share award plans were in operation at 31 December 2019 but qualification for the acquisition of these shares is based upon the financial performance of PSA in accounting periods ending after 31 December 2019 and hence no shares had been awarded in these plans at 31 December 2019.
At 31 December 2019 there was only director (2018: one) who participated in the Plans and the number of shares granted at that date, and for which the performance criteria had been fully met, was 4,500 (2018: 6,000).
During the year 4,500 shares were vested (2018: nil), at a value of £84,000 (2018: £nil) for Plans in which the peformance criteria had been fully met.

Director loans outstanding at end of financial year:	2019	2018
	£'000	£'000
D. Connell	9	9
A. Jones	44	-
K. O'Kelly	48	12
D. Peel	46	35
N. Willetts	44	52
	191	108

Loans taken are in respect of cars under the Company's employee car ownership scheme (note 26).

6 Investments

	£'000
Shares at cost	
At 1 January 2019 and 31 December 2019	100,019
Provision for impairment	
At 1 January 2019 and 31 December 2019	(100,019)
Net book value	
At 31 December 2019	-
Net book value	
At 31 December 2018	-

The Company has an investment in the following trading subsidiary undertaking which is incorporated in the United Kingdom.

Company	Activity
PSA Retail UK Limited (Formerly Peugeot Citroen Retail UK Limited)	Motor Vehicle Distribution

The holding in PSA Retail UK Limited is 100% of :

- the 5% cumulative preference shares of £1 each and;
- the ordinary shares of 20p and £1 each.

7 Interest receivable and similar income

	2019 £'000	2018 £'000
Interest received on loans to group undertakings	3,437	6,129
Other finance income	604	1,015
	4,041	7,144

8 Interest payable and similar charges

	2019 £'000	2018 £'000
Interest charge on bank loans and overdrafts	1,420	969
Interest charge on loans from group undertakings	217	116
Interest charge on lease liabilities	1,429	-
Other finance charges	-	396
	3,066	1,481

The first time adoption of IFRS 16 in 2019 has resulted in an interest charge of £1,429,000 being recorded on leases now shown on balance sheet.

9 Tax on profit on ordinary activities

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax on profit for the year	1,942	445
Adjustment in respect of prior years	542	(124)
Total current tax	2,484	321
Deferred tax (Note 16):		
Origination and reversal of timing differences	2,232	1,307
Use of tax losses brought forward	1,180	392
Adjustment in respect of previous periods	(512)	6
Total deferred tax	2,900	1,705
Total tax charge	5,384	2,026

9 Tax on profit on ordinary activities (continued)

The tax assessed for the year is higher (2018: higher) than the standard rate of UK corporation tax of 19% (2018: 19%) due to the following differences:

	2019	2018
	£'000	£'000
Profit on ordinary activities before taxation	28,467	8,798
Profit on ordinary activities before tax multiplied by the standard rate in the UK of 19.00% (2018: 19%)	5,409	1,672
Effect of :		
Non-deductible expenditure	463	390
(Loss) / Profit on disposal of tangible fixed assets relieved by indexation allowance or group capital losses	(260)	143
UK transfer pricing adjustments	143	147
Adjustment in respect of changes in rates	(401)	(208)
Adjustment in respect of prior years	30	(118)
Total tax charge for the period	5,384	2,026

A bilateral Advance Pricing Agreement was agreed between the UK and French tax authorities for the years ending 31 December 2014 until 31 December 2018. This was not renewed for 2019 onwards.
Deferred tax liabilities have been stated at the corporation tax rate of 17% (2018: 17%) reflecting the expected reduction in the UK corporation tax rate from 1 April 2020, that had been enacted by the Finance Act 2016 on the basis that it was anticipated that the Company's deferred tax liabilities would unwind at this rate. This was the rate enacted at the reporting date, 31 December 2019.

Following the Budget on 11 March 2020, and the Finance Bill published on 19 March 2020, the rate of corporation tax will now remain at 19% up to 31 March 2022; this will replace the 17% rate previously enacted which would have been effective from 1 April 2020. As this reduction was not substantively enacted by the reporting date of 31 December 2019, it is not required to be reflected in these financial statements. The consequence of this rate change would be to increase the balance sheet deferred tax liability by £4,278,000.

10 Tangible assets

	Land and Buildings: Freehold	Land and Buildings: Short leasehold	Plant and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2019 before adoption of IFRS 16	26,490	6,789	13,794	47,073
Recognition of right-of-use assets on initial application of IFRS 16	-	92,801	658	93,459
At 1 January 2019 after adopting IFRS 16	26,490	99,590	14,452	140,532
Additions	-	-	13	13
Disposals	(3,406)	(509)	(5,928)	(9,843)
At 31 December 2019	23,084	99,081	8,537	130,702
Accumulated Depreciation				
At 1 January 2019	12,731	6,143	13,541	32,415
Charge for the year	629	8,925	347	9,901
Disposals	(1,468)	(445)	(5,824)	(7,737)
At 31 December 2019	11,892	14,623	8,064	34,579
Net book value				
At 31 December 2019	11,192	84,458	473	96,123
Net book value				
At 31 December 2018	13,759	646	253	14,658

Included in tangible fixed assets is freehold land of £5,272,000 (2018: £7,134,000) which is not depreciated.

Right of use assets included in fixed assets

	Land and buildings short leasehold	Plant and equipment	Total
	£'000	£'000	£'000
Cost			
Recognition of right-of-use assets on initial application of IFRS 16	92,801	658	93,459
Disposals	(53)	-	(53)
At 31 December 2019	92,748	658	93,406
Depreciation			
Charge for the year	8,820	198	9,018
Disposals	(53)	-	(53)
At 31 December 2019	8,767	198	8,965
Net book value			
At 31 December 2019	83,981	460	84,441

11 Stock

	2019	2018
	£'000	£'000
Finished goods and goods for resale	260,307	246,040

Included within finished goods and goods for resale is £197,115,000 (2018: £188,811,000) relating to assets which the Company is committed to repurchase although legal title has passed to a third party.

The value of stock recognised as an expense in cost of sales in the year was £1,598,773,000 (2018: £1,507,687,000).

12 Debtors: Amounts falling due within one year

	2019	2018
	£'000	£'000
Trade debtors	11,604	8,012
Amounts due from subsidiaries	21,349	31,455
Amounts due from Groupe PSA undertakings	245,616	359,460
VAT Receivable	3,419	-
Corporation Tax	-	275
Other debtors	33,805	34,353
	315,793	433,555

Amounts due from subsidiaries and Groupe PSA undertakings are all unsecured, interest free and repayable on demand except for the following. Amounts due from subsidiaries include a loan of £15,137,000 (2018: £24,634,000) that is repayable on demand and carries interest at the rate of the SONIA (Sterling Over Night Index Average) rate plus 0.05%. Amounts due from Groupe PSA undertakings include a loan £245,285,000 (2018: £359,080,000) that is repayable on demand and carries interest at the rate of the SONIA (Sterling Over Night Index Average) rate less 0.05%. SONIA is the reference rate for overnight unsecured transactions in the Sterling Market.

13 Debtors: Amounts falling due after one year

	2019	2018
	£'000	£'000
Amounts due from subsidiaries	227,161	198,559

This relates to a loan that is repayable in more than one year and carries interest at the rate of the SONIA (Sterling Over Night Index Average) rate plus 0.05%. SONIA is the reference rate for overnight unsecured transactions in the Sterling Market.

14 Creditors: Amounts falling due within one year

	2019 £'000	2018 £'000
Obligations under repurchase agreements	62,768	58,115
Bank loans and overdrafts	6,557	15,017
Trade creditors	40,132	37,093
Amounts owed to subsidiaries	27,652	35,343
Amounts owed to Groupe PSA undertakings	260,855	323,534
Obligations under short-term guaranteed vehicle repurchase agreements	85,517	75,310
Obligations under leases	9,131	-
Other creditors	3,243	1,843
VAT payable	-	3,085
Corporation Tax	930	-
Taxation and social security	1,310	289
Accruals and deferred income	198,913	209,823
	697,008	759,452

The first time adoption of IFRS 16 in 2019 has resulted in the recognition of £9,131,000 of obligations under leases due within one year on the balance sheet.
There are £nil (2018: £nil) loan amounts owed to Group undertakings.

15 Creditors: Amounts falling due after more than one year

	2019 £'000	2018 £'000
Obligations under repurchase agreements	55,085	65,187
Obligations under leases	74,943	-
	130,028	65,187

The first time adoption of IFRS 16 in 2019 has resulted in the recognition of £74,943,000 of obligations under leases due after more than one year on the balance sheet.

Obligations under repurchase agreements are repayable as follows:

	2019 £'000	2018 £'000
Between one and two years	36,186	26,747
Between two and five years	18,899	38,440
	55,085	65,187

Obligations under leases are repayable as follows:

	2019 £'000	2018 £'000
Between one and two years	9,212	-
Between two and five years	27,205	-
More than 5 years	38,526	-
	74,943	-

Obligations under leases at 31 December 2019 have been discounted as follows :

	£'000
Undiscounted total value payable under leases	89,382
Interest	(5,309)
Discounted total value payable under leases	84,073

16 Provisions for liabilities and charges

	Deferred tax	Restructuring	Warranty	Dilapidations & onerous leases	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
	(note 17)					
At 1 January 2019	28,880	5,849	58,662	1,039	475	94,905
Charged / (credited) to:						
Income Statement	2,900	(787)	35,754	1	12	37,880
Amounts recognised Within Other Comprehensive Income	4,570	-	-	-	-	4,570
Utilised during the year	-	(4,852)	(35,905)	(901)	(47)	(41,705)
At 31 December 2019	36,350	210	58,511	139	440	95,650

Restructuring
This provision represents the final liability of £116,000 expected under the restructuring programme for the relocation of the parts warehouse from Coventry to Luton, which is expected to be utilised in the first half of 2020, and a provision against a voluntary severance program in the final quarter of 2019 of £94,000 which is expected to be utilised in the first quarter of 2020.

Warranty
The provision for warranty represents the estimated future costs of providing manufacturer's warranty on the Company's products. The expected utilisation of this provision is as follows:

	£'000
Within one year	35,901
Between one and two years	17,614
Between two and three years	4,996
	58,511

Dilapidations & Onerous leases
Dealership Premises
Dilapidation and onerous lease provisions totalling £116,029 (2018: £140,222) after discounting by 1.9% (2018: 1.9%) have been made against dealership premises which are expected to be utilized in full by 2023.
Office Premises
Onerous lease provisions totalling £23,386 (2018: £899,254) have been made against the rental cost of disused areas of leased buildings until sub-tenants are found. It is expected that these provisions will be fully utilized by the end of 2020 and consequently the current year provisions have not been discounted (2018: discounted by nil%).

Other
The provision represents the recycling costs for electric vehicle batteries.

17 Deferred taxation

The deferred taxation provided is as follows:

	2019 £'000	2018 £'000
Accelerated capital allowances	236	352
Other timing differences	288	505
Tax losses carried forward	-	787
Pensions	(36,874)	(30,524)
Deferred tax liability (note 16)	(36,350)	(28,880)

The deferred tax balances have been provided for at the rate of 17% (2018: 17%). Following the Budget on 11 March 2020 and the Finance Bill published on 19 March 2020, the rate of corporation tax will now remain at 19% up to 31 March 2022, this will replace the 17% rate previously enacted which would have been effective from 1 April 2020. As this reduction was not substantively enacted by the reporting date of 31 December 2019, it is not required to be reflected in these financial statements. The consequence of this rate change would be to increase the balance sheet deferred tax liability by £4,278,000.

18 Called up share capital

	2019 £'000	2018 £'000
Allotted, called up and fully paid:		
5,152,500 ordinary shares of £2.08 each	10,717	10,717
10,000 ordinary shares of £10 each	100	100
	10,817	10,817

19 Reserves

	Share Premium £'000	Retained Earnings £'000	Total £'000
At 1 January 2019	9,900	133,172	143,072
Profit for the financial year	-	23,083	23,083
Other Comprehensive Income	-	22,313	22,313
At 31 December 2019	9,900	178,568	188,468

The Share Premium is a non-distributable reserve which arose on the issue of shares at a premium over their nominal value.

20 End-of-life directive - contingent liability

European Directive 2000/53/EC of 18 September 2000 on end-of-life vehicles provides that:

"Member States shall take the necessary measures to ensure that the delivery of the vehicle to an authorised treatment facility (…) occurs without any cost for the last holder and/or owner (…).

Member States shall take the necessary measures to ensure that producers meet all, or a significant part of, the cost of the implementation of this measure and/or take back end-of-life vehicles (…)
- as from 1 July 2002 for vehicles put on the market as from this date;
- as from 1 January 2007 for vehicles put on the market before 1 July 2002."

Following enactment in November 2003 of UK legislation on new vehicle sales since 1 July 2002, the Company has entered into an agreement with a third party to ensure all vehicles are dealt with in accordance with this legislation once their useful life has expired. The cost to the Company is not considered material and therefore no provision for future costs has been recorded in these financial statements.

21 Contingent liabilities

The Company is a member of a cash pooling arrangement maintained at National Westminster Bank PLC with other Group companies incorporated in the United Kingdom. This arrangement requires that each company party to the agreement provides a limited liability guarantee, restricted to the credit balance within its own bank account covering any default on the repayment of overdraft facilities by any other member of the agreement. The limited liability guarantee of Peugeot Motor Company PLC to the Group pooling arrangement at 31 December 2019 was £19,708,000 (2018: £nil).

Included in Cash at bank and in hand is a balance of £3,561,000 (2018: £154,000) on a bank account opened during 2016 in the Company name, upon which a charge has been granted in favour of the Peugeot Advanced Pension Plan. Under the current Schedule of Contributions, some of the contributions by the Company to this pension plan are paid into this bank account. Payments from this bank account have and can be made to the Peugeot Advanced Pension Plan, under the terms set out in a Security Agreement dated 15 September 2016 between the Company and the Trustee of the Peugeot Advanced Pension Plan.

22 Capital commitments

	2019 £'000	2018 £'000
The amounts approved by the directors in respect of future capital expenditure not provided for in these accounts are :		
Contracts placed	1	1

23 Financial commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2019			2018		
	Land and Buildings £'000	Other £'000	Total £'000	Land and Buildings £'000	Other £'000	Total £'000
Expiry date :						
Within one year	279	-	279	10,005	230	10,235
During years two to five	1,002	-	1,002	38,634	498	39,132
After five years	375	-	375	49,536	-	49,536
	1,656	-	1,656	98,175	728	98,903

Within the minimum rental commitments for Land and Buildings £1,656,000 (2018: £83,649,000) will be recharged to fellow Group companies and subsidiaries.
On the first time adoption of IFRS 16, leases previously included in the financial commitments of the Company as operating leases, have been moved on-balance sheet. The reduction in operating lease commitments due to the first time adoption of IFRS 16 in 2019 is £98.9m before discounting.

24 Pensions

Prior to 28 February 2018 the Company participated in four Group defined benefit pension schemes (the Peugeot Pension Plan, the Peugeot Advanced Pension Plan, the Robins & Day Pension Plan, and the Citroen UK Limited Pension & Life Assurance Scheme). On 28 February 2018 the Peugeot Pension Plan and the Robins and Day Pension Plan were merged with the Citroen UK Limited Pension & Life Assurance Scheme, which changed its name after the merger to the PSA Group UK Pension Plan.

The benefits of an individual member remain unchanged, they are the same as their entitlement within whichever of the above noted pension schemes they were members of before the merger. Consequently, the merger does not change the Company's share of the pension liabilities or assets which fund those liabilities.
From 28 February 2018 contributions were payable by the Company to only the PSA Group UK Pension Plan. The value of those contributions was the combined value of the ongoing contributions payable to the above noted three pension schemes which were merged together.

The Peugeot Advanced Pension Plan was not part of the merger of pension schemes. On 6 December 2018 the Trustees of the Peugeot Advanced Pension Plan entered into a "buy-in" arrangement with Scottish Widows.

An actuarial valuation under IFRS of the Peugeot Advanced Plan and the PSA Group UK Pension Plan was carried out at 31 December 2019 by Deloitte Total Reward and Benefits Limited, consulting actuaries, based on a full valuation dated 31 December 2017. The appropriate share of the assets and liabilities of these plans has been included in these accounts.

Post Balance Sheet Event – Peugeot Advanced Pension Plan
On 8 June 2020 the Principal Employer of the Peugeot Advanced Pension Plan (the "Plan") gave notice to terminate its liability to contribute to the Plan. On this same date the Trustee of the Plan signed a resolution to wind up the Plan. These actions were necessary steps to allow the Trustee to enter into a "full buyout" arrangement with Scottish Widows, following the "buy-in" enacted during 2019.
The assets of the Peugeot Advanced Plan equal its liabilities in these financial statements so this post balance sheet transaction has no implication for either the reported profit or net assets.
This is a non-adjusting post balance sheet event.

24 Pensions (continued)

The major assumptions used by the actuary were:

	2019 PSA Group UK Pension Plan	2019 Peugeot Advanced Plan	2018 PSA Group UK Pension Plan	2018 Peugeot Pension Plan	2018 Peugeot Advanced Plan
Discount rate	2.20%	2.20%	2.95%	2.80%	2.95%
Inflation rate	3.10%	3.10%	3.30%	3.20%	3.30%
Increases to pensions in payment	3.10%	3.10%	3.30%	3.20%	3.30%
Salary increases	2.35%	2.35%	3.30%	3.20%	3.30%
Interest income on plan assets	2.20%	2.20%	2.95%	0%	2.95%

The mortality assumptions used on both plans were as follows:

	Male Years	Female Years
Life expectancies of pensioners:		
- Current pensioner at age 60 (currently aged 60)	25.6	27.7
- Future pensioner at age 60 (currently aged 45)	26.6	28.9

The assets and liabilities of the schemes at 31 December are:

	PSA Group UK Pension Plan £'000	Peugeot Advanced Plan £'000	Total £'000
As at 31 December 2019			
Scheme assets at fair value :			
Equities	82,798	-	82,798
Bonds	726,784	-	726,784
Cash	16,825	-	16,825
Other	2,404	102,094	104,498
Fair value of scheme assets	828,811	102,094	930,905
Present value of scheme liabilities	(611,908)	(102,094)	(714,002)
Defined benefit pension plan surplus	**216,903**	**-**	**216,903**

	PSA Group UK Pension Plan £'000	Peugeot Advanced Plan £'000	Total £'000
As at 31 December 2018			
Scheme assets at fair value :			
Equities	73,290	-	73,290
Bonds	706,467	122,853	829,320
Cash	11,593	14,183	25,776
Other	2,701	-	2,701
Fair value of scheme assets	794,051	137,036	931,087
Present value of scheme liabilities	(614,495)	(103,684)	(718,179)
Defined benefit pension plan surplus	**179,556**	**33,352**	**212,908**
Irrecoverable surpluses – IFRIC 14 provision	-	(33,352)	(33,352)
Net pension surplus	**179,556**	**-**	**179,556**

24 Pensions (continued)

Reconciliations of present value of the benefit pension obligations are analysed as follows:

	PSA Group UK Pension Plan £'000	Peugeot Advanced Plan £'000	Total £'000
As at 1 January 2019	**614,495**	**103,684**	**718,179**
Current service cost	1,422	-	1,422
Interest cost	17,795	2,953	20,748
Benefit paid	(30,254)	(6,208)	(36,462)
Actuarial loss	8,445	1,665	10,110
Plan participants contributions	5	-	5
As at 31 December 2019	**611,908**	**102,094**	**714,002**

	Peugeot Pension Plan £'000	PSA Group UK Pension Plan £'000	Peugeot Advanced Plan £'000	Total £'000
As at 1 January 2018	**683,327**	**-**	**104,554**	**787,881**
Current service cost	304	1,521	-	1,825
Interest cost	2,910	14,551	2,626	20,087
Benefit paid	(25,214)	(29,603)	(5,668)	(60,485)
Transfer	(613,965)	613,965	-	-
Actuarial loss / (gain)	(46,102)	11,601	2,172	(32,329)
Settlement	(1,263)	-	-	(1,263)
Plan amendment – past service cost	-	2,448	-	2,448
Plan participants contributions	3	12	-	15
As at 31 December 2018	**-**	**614,495**	**103,684**	**718,179**

Sensitivity analysis of scheme liabilities
The sensitivity of the present value of scheme liabilities to changes in the principal assumptions used is set out below:

	Change in assumption		Impact on liabilities	
	Peugeot Pension Plan	Peugeot Advanced Plan	Peugeot Pension Plan	Peugeot Advanced Plan
Discount rate	Increase by 0.25%	Increase by 0.25%	Decrease by 3.0%	Decrease by 3.0%
Inflation rate	Increase by 0.25%	Increase by 0.25%	Increase by 3.0%	Increase by 2.0%
Rate of salary increases	Increase by 0.25%	Increase by 0.25%	Increase by 0.0%	Not applicable
Post retirement mortality	Increase by 1 year	Increase by 1 year	Increase by 5.0%	Increase by 6.0%

	Change in assumption		Impact on Assets	
	Peugeot Pension Plan	Peugeot Advanced Plan	Peugeot Pension Plan	Peugeot Advanced Plan
Interest income	Increase by 0.25%	Increase by 0.25%	Increase by 8.0%	Increase by 8.0%

24 Pensions (continued)

Reconciliations of fair value of plan assets are analysed as follows:

	PSA Group UK Pension Plan £'000	Peugeot Advanced Plan £'000	Total £'000
As at 1 January 2019	**794,051**	**137,036**	**931,087**
Interest income	23,093	3,940	27,033
Return on plan assets (excluding amounts in net interest expense)	39,057	(35,416)	3,641
Gross benefits paid	(30,254)	(6,208)	(36,462)
Employer contributions	2,859	2,742	5,601
Plan participants contributions	5	-	5
As at 31 December 2019	**828,811**	**102,094**	**930,905**

	Peugeot Pension Plan £'000	PSA Group UK Pension Plan £'000	Peugeot Advanced Plan £'000	Total £'000
As at 1 January 2018	**900,654**	**-**	**137,476**	**1,038,130**
Interest income	3,851	19,256	3,485	26,592
Return on plan assets (excluding amounts in net interest expense)	(21,574)	(56,290)	(1,597)	(79,461)
Gross benefits paid	(25,214)	(29,603)	(5,668)	(60,485)
Transfer	(858,433)	858,433	-	-
Employer contributions	713	2,243	3,340	6,296
Plan participants contributions	3	12	-	15
As at 31 December 2018	**-**	**794,051**	**137,036**	**931,087**

Scheme assets do not include any of the Company's own financial instruments or any property occupied by the Company. Expected yields on fixed interest investments are based on gross redemption yields at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The amounts recognized in the Income Statement and in the Statement of Comprehensive Income for the year are analysed as follows:

Year ended 31 December 2019

Recognised in the Income Statement:

	PSA Group UK Pension Plan £’000	Peugeot Advanced Plan £’000	Total £’000
Current service cost	1,422	-	1,422

This charge is included in distribution costs.

24 Pensions (continued)

Analysis of the amount charged to other finance charges:

	PSA Group UK Pension Plan £'000	Peugeot Advanced Plan £'000	Total £'000
Interest income on scheme assets	23,093	3,940	27,033
Interest on defined benefit liability	(17,795)	(2,953)	(20,748)
Other finance income	5,298	987	6,285

Taken to Other Comprehensive Income**:**

	PSA Group UK Pension Plan £'000	Peugeot Advanced Plan £'000	Total £'000
Actuarial changes arising from changes in demographic assumptions	(8,445)	(1,665)	(10,110)
Return on plan assets (excluding amounts in net interest expense)	39,057	(35,416)	3,641
Recognised in Other Comprehensive Income	30,612	(37,081)	(6,469)

Year ended 31 December 2018

Recognised in the Income Statement:

	Peugeot Pension Plan £'000	PSA Group UK Pension Plan £'000	Peugeot Advanced Plan £'000	Total £'000
Current service cost	304	1,521	-	1,825

This charge is included in distribution costs.

Analysis of the amount charged to other finance charges:

	Peugeot Pension Plan £'000	PSA Group UK Pension Plan £'000	Peugeot Advanced Plan £'000	Total £'000
Interest income on scheme assets	3,851	19,256	3,485	26,592
Interest on defined benefit liability	(2,910)	(14,551)	(2,626)	(20,087)
Other finance income	941	4,705	859	6,505

24 Pensions (continued)

Taken to Other Comprehensive Income:

	Peugeot Pension Plan £'000	PSA Group UK Pension Plan £'000	Peugeot Advanced Plan £'000	Total £'000
Actuarial changes arising from changes in demographic assumptions	46,102	(11,601)	(2,172)	32,329
Return on plan assets (excluding amounts in net interest expense)	(21,574)	(56,290)	(1,597)	(79,461)
Recognised in Other Comprehensive Income	24,528	(67,891)	(3,769)	(47,132)

Actuarial valuation

The actuarial valuation at 31 December 2019 under IAS 19(R) showed an increase in the surplus of the two plans from £212,908,000 to £216,903,000.

For the Peugeot Advanced Pension Plan, a one-off contribution of £2,742,000 was paid in December 2019 (2018: £3,100,000).
The total contributions by all participating employers in the merged PSA Group UK Pension Plan are £1,179,167 per month from 1 December 2018 to February 2023.

The Company made contributions to its pension schemes of £5,601,000 (2018: £6,296,000) in the year.

The Company also made contributions to the stakeholder pension scheme, amounting to £363,000 (2018: £263,000) during the year.

The Company had accruals of £nil (2018: £nil) for pension schemes at the balance sheet date.

IFRIC 14 provisions – Peugeot Advanced Pension Plan

The Company has no right to any surplus which might arise if the Peugeot Advanced Pension Plan were to be wound up. Consequently, an IFRIC14 Provision was previously made in respect of the net accounting surplus of assets over defined benefit obligations, arising under the IAS 19(R) basis of valuation of this specific pension plan £nil (2018 : £33,352,000). Following the completion of the "buy-in" of scheme liabilities for this pension plan, the value of this scheme's pension assets is equal to the value of the scheme liabilities bought into by Scottish Widows.

25 Other related party transactions

During the year, the Company entered into transactions, in the ordinary course of business, with other related parties. Loans to directors and employees are detailed in notes 5 and 26 respectively. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. The company has related transactions with Faurecia Group, with GEFCO Group and with PSA Finance UK which the parent company Peugeot S.A. owns respectively 46.34% (2018: 46.34%), 25% (2018: 25%) and 50% (2018: 50%) of the share capital.
The following tables summarise related party transactions in the ordinary course of business:

	Sales of goods and services £'000	Purchases of goods and services £'000	Amounts owed from related party £'000	Amounts owed to related party £'000
Faurecia Group				
2019	824	727	-	-
2018	570	537	-	-
GEFCO Group				
2019	9,818	39,224	1,477	5,090
2018	7,465	36,951	1,088	5,408
PSA Finance				
2019	2,183,842	133,471	8,351	7,659
2018	2,134,113	130,632	7,256	13,784

The revenue shown on the Income Statement, and in note 3, is reported net of discounts, bonuses and commissions associated with the revenue. The revenue shown above with PSA Finance is reported before any discounts, bonuses or commissions as the Company pays these direct to the individual dealerships and not through PSA Finance.

26 Employee car ownership schemes

The Company operates a scheme whereby employees are provided with a loan by the Company in order to purchase a car. This loan is then factored to PSA Finance UK Limited, a joint venture company owned equally by Groupe PSA and Santander Bank. The loans are repayable on a monthly basis until the earlier of twelve months or 9,000 miles. At this point the vehicle can be returned by the employee as full settlement for the outstanding loan balance or the loan may be repaid in full. The Company has applied the provisions of IFRS 15 'Revenue from contracts with customers' and accordingly the Company does not recognise the turnover on the initial sale and the vehicles are retained within stock at the lower of the original cost and net realisable value until such time as they are returned and sold as a used vehicle or paid for by the employee. At this point the income and costs from both the initial and subsequent sale are recognised in the Income Statement.

27 Ultimate parent undertaking and controlling party

The immediate holding company is Automobiles Peugeot S.A. which is incorporated in France. The ultimate parent undertaking and controlling party is Peugeot S.A. which is the parent undertaking of the smallest and largest group to consolidate these financial statements and is incorporated in France. Copies of the accounts of the ultimate holding company are available from the Company Secretary, Peugeot S.A., 7 rue Henri Sainte-Claire Deville, 92563, Rueil-Malmaison, France.

28 Non-adjusting Post Balance Sheet Event – Coronavirus Pandemic

Between the end of the accounting year on 31 December 2019 and the date these financial statements were approved by the board of directors, the world wide coronavirus pandemic (COVID-19) has developed. The Directors consider this to be a non-adjusting post balance sheet event.