CITROËN UK LIMITED

FINANCIAL STATEMENTS
AND
ANNUAL REPORT
2019

REGISTERED NUMBER: 00191579

DIRECTORS AND ADVISORS

DIRECTORS

D. Connell
A. Jones
N. Willetts

COMPANY SECRETARY

M. Page

BANKERS

National Westminster Bank PLC,
280 Bishopsgate,
London,
EC2M 4RB
United Kingdom

INDEPENDENT AUDITORS

Mazars LLP
45 Church Street,
Birmingham,
B3 2RT
United Kingdom

REGISTERED OFFICE

Pinley House,
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Coventry,
CV3 1ND
United Kingdom

REGISTERED NUMBER

00191579 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 00191579.

Results and dividends
The Company's profit on ordinary activities after tax amounted to £12,582,000 (2018: £4,622,000). In total, the profit on ordinary activities before tax was £15,702,000 (2018: £5,715,000).

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

An interim dividend payment was paid in 2019 of £9,625,000 (2018: £nil) to the immediate holding company. No final dividend was declared in 2019 (2018: £nil).

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

D. Connell	
S. Le Guevel	(resigned 10 April 2019)
K. Howkins	(appointed 2 August 2018 and resigned 1 February 2020)
L. Jackson	(resigned 29 January 2020)
A. Jones	(appointed 10 April 2019)
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 liability 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 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 in 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, credit and cash flow risk are described in the Strategic Report on page 5. 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.

Going concern (continued)
The Company is a wholly-owned subsidiary of Groupe PSA. The ultimate parent company of Groupe PSA is Peugeot S.A. which is a company listed on the NYSE Euronext Paris stock exchange. The Company's 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/finance/publications

The Company's activity was impacted by the COVID-19 pandemic 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 and related disclosures in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping 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 director has 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 s485 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
8 October 2020

Principal activities
The principal activity of the Company continues to be the importing and sale of Citroën and DS cars, Citroën vans and associated replacement parts.

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. Our policy continues to not adopt hedging for exchange rate movements, the decision was made to increase prices and limit the volume of vehicles imported, allowing us to protect our level of profitability by avoiding unprofitable deals.

Citroën's new car registrations increased 1.9% to 55,755 vehicles, achieving a market share of 2.41%, an increase from 2.31% in 2018. The volume of Citroën's LCV registrations increased by 7.4% versus 2018 to 27,416 vehicles, resulting in an increase in market share in 2019 to 7.31% from 6.97% in 2018. Citroën's combined market share of new cars and LCV increased from 2.9% in 2018 to 3.1% in 2019.

Within the Citroën brand, C1 sales reduced by 1,977 units (27%) in 2019. C3 also saw this reduction with just over 14,000 sold in 2019. C3 Aircross held steady in its second full year at 9,967 versus 9,916 in 2018. New C5 Aircross, which was launched in Q1 2019, saw a slow initial start but finished the year with 6,891 sales and a much stronger second half of the year. Production of the C4 Space Tourer stopped in May 2019 and thus we saw a reduction in these volumes to 969 for the full year, a decrease of (41)% versus 2018. Grand C4 Space Tourer however remains strong delivering 4,213 units in 2019, down 23% versus 2018 but ahead of the C MPV segment which decreased by (28)%. On LCV's we saw an increase of 1,850 sales compared to 2018. This was due to an extra 1,142 Relay, 824 Dispatch and 64 Berlingo sales.

While looking at the sales performance of DS Automobiles in 2019, it is important to appreciate the considerable transition that has been made since July 2018 when the distribution network became solely DS. Up until June 2018, sales were shared with Citroën brand outlets to a wider audience through c150 dealers selling DS 3, DS 4 and DS 5. In July 2018, the Franchise of the DS distribution network became solely DS, initially with just 25 DS Retailers, to ensure a new and brand focussed platform from which to establish DS as a full-fledged, stand-alone, premium Brand. DS sales volumes naturally reduced significantly as a result, and have since been growing consistently, as DS models of the new generation were put to market. After the DS 7 CROSSBACK, launched in May 2018, followed the DS 3 CROSSBACK, launched in May 2019.

DS registrations reflect this transition, with full year 2019 registrations at 4,300 units, down 15% vs 2018, but with a 2nd semester 2019 up 110% vs the 2nd semester of 2018. DS 3 CROSSBACK started strongly and accounted for nearly half of all DS sales in 2019, while DS 7 CROSSBACK grew its sales by 73% year on year.

The Citroën network currently has 136 dealers with 6 of these being new appointments in 2019. DS dedicated network consists of 35 dealers.

Prospects
In 2020, the industry consensus is that 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 Company's new car performance will be aided by the launch of the C5 Aircross Plug in Hybrid in Q2 2020 alongside the first full year of sales of the C5 Aircross range. A refreshed C3 in Q3 2020 will also boost performance. LCV performance will be aided by the launch of the electric version of the Dispatch van in Q2 2020.

In 2020, DS continues to expend its new product range, with the launch of its E-Tense range of electrified models : the DS 3 CROSSBACK E-Tense, only premium compact fully electric SUV in the UK market, and the DS 7 CROSSBACK E-Tense 4x4, 300 hp Premium Plug-in Hybrid SUV. The Brand is also revealing the new DS 9, a statutory, elegant, modern and dynamic Sedan to be launched in the UK market in 2021.
DS Automobiles will continue to develop its Retailer network of DS Stores, counting 35 outlets at the beginning of 2020, with new openings planned in key locations across the UK.

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, the Company 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 year to August 2020 by 39% compared to the same period in 2019. 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 movement, 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 of the Company has adapted in a context of unstable exchange rate of Sterling vs the Euro post the Brexit vote and the company has decided 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 principal key performance indicators are considered by the directors to be:

	2019	2018
New cars registered	55,755	54,692
Car market share	2.41%	2.31%
New vans registered	27,416	25,493
Van market share	7.32%	6.97%

- Market penetration by model, segment and sales channel;
- Sales performance versus main competitors;
- Sales volumes versus budget, forecast and prior year;
- Quality statistics.

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 Citroën UK Limited 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. Regular updates for employees from the Citroen Director and the Group Managing Director using a variety of methods, to keep employees informed. The company promotes and supports the initiatives of the Campaign Against Living Miserably (CALM) to both raise the awareness and support our employees with these initiatives.	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
8 October 2020

Opinion
We have audited the financial statements of Citroën UK Limited (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 6, and the consideration in the going concern basis of preparation on page 18 and non- adjusting post balance sheet events on page 36.

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: 9 October 2020

INCOME STATEMENT
For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Revenue	3	1,057,867	954,139
Cost of sales		(975,694)	(891,768)
Gross profit		82,173	62,371
Other income – Property Rental Income	2.4(a)	1,104	-
Distribution costs		(62,623)	(48,241)
Administrative expenses		(7,960)	(9,228)
Operating profit	4	12,694	4,902
Interest receivable and similar income	6	2,444	1,746
Interest payable and similar charges	7	(588)	(1,759)
Other finance income – pensions	23	1,152	826
Profit on ordinary activities before taxation		15,702	5,715
Tax on profit on ordinary activities	8	(3,120)	(1,093)
Profit after tax for the financial year		**12,582**	**4,622**

All operations in 2019 were continuing.

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

STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Profit for the financial year	19	12,582	4,622
Other comprehensive income: items that will not be reclassified to profit or loss			
Re-measurement of net defined benefit pension scheme surplus	23	4,740	6,292
Deferred tax relating to pension scheme	16	(806)	(1,070)
Other comprehensive profit for the year, net of tax	19	3,934	5,222
Total comprehensive profit for the year		16,516	9,844

STATEMENT OF CHANGES IN EQUITY
At 31 December 2019

	Called up share capital (note 18) £'000	Profit & Loss Account (note 19) £'000	Total Equity £'000
At 1 January 2018	38,500	32,386	70,886
Profit for the financial year	-	4,622	4,622
Other comprehensive profit for the year	-	5,222	5,222
Total comprehensive profit for the year	-	9,844	9,844
At 31 December 2018	38,500	42,230	80,730
Profit for the financial year	-	12,582	12,582
Other comprehensive profit	-	3,934	3,934
Total comprehensive profit for the year	-	16,516	16,516
Equity dividends paid	-	(9,625)	(9,625)
At 31 December 2019	38,500	49,121	87,621

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

CITROËN UK LIMITED

BALANCE SHEET
As at 31 December 2019

	Note	2019 £'000	2018 £'000
Fixed assets:			
Tangible assets	10	11,443	4,450
Current assets:			
Stock	11	184,630	194,022
Debtors :			
- Amounts falling due within one year	12	248,240	288,040
- Amounts falling due after one year	13	35,900	45,910
Cash at bank and in hand		112	38
		468,882	528,010
Creditors: Amounts falling due within one year	14	(326,299)	(389,308)
Net current assets		**142,583**	**138,702**
Total assets less current liabilities		**154,026**	**143,152**
Creditors: Amounts falling due after more than one year	15	(66,600)	(57,866)
Provisions for liabilities and charges	16	(46,178)	(43,652)
Defined benefit pension plan surplus	23	46,373	39,096
Net assets		**87,621**	**80,730**
Capital and reserves			
Called-up share capital	18	38,500	38,500
Retained earnings	19	49,121	42,230
Total equity		**87,621**	**80,730**

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 36 were approved by the Board of Directors on 8 October 2020 and signed on its behalf by:

N. Willetts
Director
8 October 2020

Company number: 00191579

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

The Company, Citroën UK Limited, 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 Citroën 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, Reuil-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 26.

2 Accounting policies (continued)

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 Company's 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.

2 Accounting policies (continued)

2.3 Adoption of IFRS16 – Leases (continued)

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 £73,000 as explained in the following table :

	£'000
Other Income – Dealership rental income from subsidiary undertaking – PSA Retail UK Limited	1,104
Distribution costs - Property lease expense on dealership premises sublet to subsidiary undertaking PSA Retail UK Limited	(1,104)
Distribution costs - Reversal of property & plant lease expense under IAS 17	945
Distribution costs - Depreciation expense of the related right of use assets under IFRS 16	(872)
Net impact on operating income	73

- A negative impact on Interest payable and similar charges of £(137,000) 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 £64,000.

(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 £8,121,000;
    - The prepaid expenses within other debtors reduced by £(79,000).
- For the liabilities :
    - The lease liabilities reported under :
        - Creditors : amounts falling due after more than one year increased by £(7,233,000);
        - Creditors : amounts falling due within one year increased by £(808,000).

2 Accounting policies (continued)

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

(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	8,628
Discount rate	(586)
Lease liabilities moved on balance sheet	8,042

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 COVID-19 pandemic 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 8.

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 Citroën 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.

2 Accounting policies (continued)

2.5 Judgements and key sources of estimation uncertainty (continued)

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 forecasted 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.

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.

Pension and other post employment benefits
The cost of defined benefit pension 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 valuations, 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 rates are 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 23.

2.6 Significant accounting policies

(a) *Revenue*: Revenue comprises amounts invoiced to customers outside the Company, net of those sales incentives programmes which can be identified at the point of sale and is exclusive of Value Added Tax.
Revenues from vehicle sales and spare parts sales transactions, are recognised once all the major rights to economic benefits and significant risks relating to the goods have been transferred to the buyer, the income can be reliably measured and it is reasonable to expect it to be received.
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 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 temporary differences except for deferred tax assets where it is not probable that the asset will be recoverable in the foreseeable future.
Deferred tax assets and liabilities are not discounted. Deferred tax is recognised in respect of temporary differences that have originated but not reversed at the reporting 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 reporting 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 temporary differences can be deducted.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

2 Accounting policies (continued)

2.6 Significant accounting policies (continued)

(b) *Taxation*: *(continued)*

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.

(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) *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.

2 Accounting policies (continued)

2.6 Significant accounting policies (continued)

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

(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.

(i) *Pensions*: The Company participates in a Group defined benefit pension scheme, which requires contributions to be made to a separately administered fund. The scheme was 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 are included in these accounts because the participating employers have a right to any surplus assets on the winding up of the plan.
The cost of providing benefits under the defined benefit plan is determined 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 the 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 remeasured 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 recognised 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 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) *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.

2 Accounting policies (continued)

2.6 Significant accounting policies (continued)

(l) *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

The majority of the revenue in the year emanated from the United Kingdom

	2019 £'000	2018 £'000
New vehicles	897,116	756,617
Used vehicles	151,845	181,164
Replacement parts	4,149	9,300
Other	4,757	7,058
	1,057,867	954,139

4 Operating profit

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

	2019	2018
	£'000	£'000
Depreciation of tangible fixed assets		
- owned assets	1,128	536
-Right-of-use leased assets	872	-
Property rental receivable from a fellow Groupe PSA undertaking	1,104	-
Restructuring provision	96	-
Foreign exchange differences charged to administration expenses	7	3
Auditors' remuneration:		
- audit services	25	24
- other non-audit services	-	-

5 Employee information

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

	2019	2018
	Number	Number
Selling and Distribution	37	39
Administration	13	10
	50	49

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

	2019	2018
	£'000	£'000
Aggregate remuneration paid to employees	2,486	2,348
Social Security costs	362	311
Redundancy costs	-	30
Pension costs (note 23)	1,040	1,255
	3,888	3,944

Included in pension costs are actuarially calculated defined benefit costs in respect of the PSA Group UK Pension Plan (formerly the Citroën UK Limited Pension & Life Assurance Scheme), £766,000 (2018: £1,018,000) and in respect of the Peugeot Pension Plan, £nil (2018: £36,000). The Company also paid-contributions to a Stakeholder pension scheme amounting to £274,000 (2018: £201,000).

Emoluments of the directors of Citroën UK Limited:

	2019	2018
	£'000	£'000
Directors emoluments	149	150
Pension contributions	28	11
Total emoluments including fees of £nil (2018: £nil)	177	161

5 Employee information (continued)

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 Citroën Automobiles UK Ltd.

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

In respect of the highest paid director:

	2019	2018
	£'000	£'000
Highest paid director	149	83

There were no directors to whom retirement benefits are accruing under the defined benefit scheme in the current year (2018: Nil).

	2019	2018
	£’000	£’000
Director loans outstanding at the end of the financial year :		
D. Connell	25	24
S. Le Guevel	-	51
K. Hawkins	67	38
L. Jackson	43	55
A. Jones	58	-
	193	168

Loans taken are in respect of cars under the Company’s employee ownership scheme (note 25).

6 Interest receivable and similar income

	2019	2018
	£’000	£’000
Interest received on loans to group undertakings	2,296	1,590
Other finance income	148	156
	2,444	1,746

7 Interest payable and similar charges

	2019 £'000	2018 £'000
Interest charge on loans from group undertakings	57	1,325
Interest charge on lease liabilities	137	-
Other finance charges	394	434
	588	1,759

8 Tax on profit on ordinary activities

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax charge on profits for the year	2,639	317
Adjustment in respect of prior years	(34)	(171)
Total current tax	2,605	146
Deferred tax: (Note 17)		
Origination and reversal of temporary differences	531	867
Adjustments in respect of prior years	(16)	80
Total deferred tax	515	947
Total tax charge	3,120	1,093

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 £'000	2018 £'000
Profit on ordinary activities before tax	15,702	5,715
Profit on ordinary activities before tax multiplied by the standard rate in the UK 19% (2018: 19%)	2,983	1,086
Effect of :		
Non-deductible expenditure and non-taxable gains	250	200
Adjustments in respect of changes in rates	(63)	(102)
Adjustment in respect of prior years	(50)	(91)
Total tax charge for the period	3,120	1,093

A bilateral Advance Pricing Agreement was agreed between the UK and French tax authorities for the years ending 31 December 2014 to 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 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 £878,000.

9 Investments

The private limited company PSA Group UK Plan Trustee Limited acts as the pension trustee administration company for the PSA Group's UK defined benefit pension scheme. Two ordinary shares of £1 each were issued in this company on its incorporation to Citroën UK Limited, making it a wholly owned, non-trading subsidiary incorporated in the United Kingdom. The subscription payable for these shares remains unpaid at the balance sheet date.

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	6,327	-	6,455	12,782
Recognition of right-of-use assets on initial application of IFRS 16	-	8,121	-	8.121
At 1 January 2019 after adopting IFRS 16 and at 31 December 2019	6,327	8,121	6,455	20,903
Accumulated Depreciation				
At 1 January 2019	2,108	-	6,224	8,332
Charge for the year	111	872	145	1,128
At 31 December 2019	2,219	872	6,369	9,460
Net book value				
At 31 December 2019	4,108	7,249	86	11,443
Net book value				
At 31 December 2018	4,219	-	231	4,450

Included in tangible fixed assets is freehold land of £1,790,000 (2018: £1,790,000) which is not depreciated.

Right of use assets included in fixed assets

	Land and buildings short leasehold £'000
Cost	
Recognition of right-of-use assets on initial application of IFRS 16 and at 31 December 2019	8,121
Depreciation	
Charge for the year	872
At 31 December 2019	872
Net book value	
At 31 December 2019	7,249

11 Stock

	2019	2018
	£'000	£'000
Finished goods and goods for resale	184,630	194,022

Included within finished goods and goods for resale is £155,048,000 (2018: £168,593,000) 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 £1,027,767,000 (2018: £920,980,000).

12 Debtors: Amounts falling due within one year

	2019	2018
	£'000	£'000
Trade debtors	29,452	4,591
Amounts owed by Groupe PSA undertakings	218,316	280,291
Other debtors	-	120
VAT	250	-
Prepayments	222	3,038
Total	248,240	288,040

Amounts due from Groupe PSA undertakings are all unsecured, interest free and repayable on demand with the exception of :

- £45,000,000 (2018: £244,990,000) which relates to a loan 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;
- £150,000,000 3 month term deposit maturing 14 February 2020 and carries interest at the LIBOR (London Inter-Bank Offered Rate) rate less 0.125%.

13 Debtors: Amounts falling due after one year

	2019	2018
	£'000	£'000
Amounts owed by Groupe PSA undertakings	35,900	45,910

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 less 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	81,436	92,594
Bank loans and overdrafts	3,749	3,718
Trade creditors	17,958	18,994
Amounts owed to Groupe PSA undertakings	60,606	101,272
Obligations under short-term guaranteed vehicle repurchase agreements	29,062	32,526
Other creditors	386	308
Corporation tax	1,195	361
Taxation and social security	100	91
VAT payable	-	2,671
Obligations under leases	822	-
Accruals and deferred income	130,985	136,773
Total	326,299	389,308

The first time adoption of IFRS 16 in 2019 has resulted in the recognition of £822,000 of obligations under leases due within one year on the balance sheet.

15 Creditors: Amounts falling due after more than one year

	2019 £'000	2018 £'000
Obligations under repurchase agreements	60,154	57,831
Obligations under leases	6,411	-
Deposits	35	35
Total	66,600	57,866

The first time adoption of IFRS 16 in 2019 has resulted in the recognition of £6,411,000 of obligations under leases due after more than one year on the balance sheet.

Obligations under repurchase agreements and finance leases are repayable as follows:

	2019	2018
Between one and two years	43,344	34,330
Between two and five years	16,810	23,501
Total	60,154	57,831

16 Provisions for liabilities and charges

	Deferred tax	Onerous leases	Restructuring	Warranty	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
	(note 17)					
At 1 January 2019	6,127	189	-	37,113	223	43,652
Charged to income statement	515	-	96	29,071	9	29,691
Amount recognised within the statement of comprehensive income	806	-	-	-	-	806
Utilised	-	(167)	-	(27,798)	(6)	(27,971)
At 31 December 2019	7,448	22	96	38,386	226	46,178

Onerous leases
Office Premises: Onerous lease provisions totalling £21,587 (2018: £188,968) 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 utilised by the end of 2020 and consequently the current year provisions have not been discounted (2018: not discounted).

Restructuring
This provision is for costs of a voluntary severance program in the final quarter of 2019 of £96,000 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 liability on the Company's products. The expected utilisation of this provision is as follows:

	£'000
Within one year	28,657
Between one and two years	8,228
Between two and three years	1,501
	38,386

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

17 Deferred Taxation

	2019	2018
	£'000	£'000
Accelerated capital allowances	(432)	(517)
Pensions	7,880	6,644
Deferred tax liability (note 16)	7,448	6,127

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 £878,000.

18 Called up share capital

	2019	2018
	£'000	£'000
Allotted, called up and fully paid:		
2,000,000 ordinary shares of £1.00 each	2,000	2,000
36,500,000 redeemable ordinary shares of £1.00 each	36,500	36,500
	38,500	38,500

The redeemable ordinary shares rank pari passu with the ordinary shares as regards income, voting rights and amounts receivable on a return of assets or liquidation. The Company has had the right to redeem at par all or any of the redeemable ordinary shares at any time since 21 December 1997.

19 Reserves

	£'000
At January 2019	42,230
Profit for the financial year	12,582
Equity dividends paid	(9,625)
Other comprehensive income	3,934
At 31 December 2019	49,121

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 costs 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 had 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 Citroën UK Limited to the Group pooling arrangement at 31 December 2019 was £23,166,722 (2018: £35,229,235).

22 Financial commitments

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

	2019 Land and Buildings £'000	2018 Land and Buildings £'000
Expiry date:		
- within one year	-	1,024
- between two and five years	-	2,912
- after five years	-	4,692
	-	8,628

All the minimum rental commitments for Land and Buildings in 2018 was 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 £8.6m before discounting.

23 Pensions

Prior to 28 February 2018, the Company participated in two Group defined benefit pension schemes (the Peugeot Pension Plan and the Citroën 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 Citroën 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 are payable by the Company to only the PSA Group UK Pension Plan. The value of those contributions is the combined value of the ongoing contributions payable to the above noted three pension schemes which were merged together.

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

The major assumptions used by the actuary were:

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

23 Pensions (continued)

The mortality assumptions used on both plans were as follows:

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

The assets and liabilities of the PSA Group UK Pension Plan are :

As at 31 December 2019	£'000
Scheme assets at fair value:	
Equities	17,709
Cash	3,598
Bonds	155,391
Other	499
Fair value of scheme assets	177,197
Present value of scheme liabilities	(130,824)
Defined benefit pension plan surplus	**46,373**

As at 31 December 2018	£'000
Scheme assets at fair value:	
Equities	35,667
Cash	12,673
Bonds	124,394
Other	156
Fair value of scheme assets	172,890
Present value of scheme liabilities	(133,794)
Defined benefit pension plan surplus	**39,096**

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

	£'000
As at 1 January 2019	133,794
Current service cost	766
Interest cost	3,923
Benefits paid	(6,468)
Actuarial gain	(1,191)
As at 31 December 2019	**130,824**

	Peugeot Pension Plan £'000	PSA Group UK Pension Plan £'000	Total £'000
As at 1 January 2018	6,272	139,278	145,550
Current service cost	36	1,018	1,054
Interest cost	28	3,739	3,767
Benefits paid	(1,599)	(10,227)	(11,826)
Plan amendment - past service cost	-	533	533
Transfer	(3,182)	3,182	-
Actuarial gain	(1,555)	(3,729)	(5,284)
As at 31 December 2018	**-**	**133,794**	**133,794**

23 Pensions (continued)

Sensitivity analysis of the PSA Group UK Pension Plan 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
Discount rate	Increase by 0.25%	Decrease by 4%
Rate of inflation	Increase by 0.25%	Increase by 4%
Rate of salary increase	Increase by 0.25%	Increase by 1%
Post retirement mortality	Increase by 1 year	Increase by 5%

	Change in assumption	Impact on assets
Interest income	Increase by 0.25%	Increase by 8%

Reconciliation of fair value of the PSA Group UK Pension Plan assets are analysed as follows:

	£'000
As at 1 January 2019	172,890
Interest income	5,075
Return on plan assets (excluding amounts in net interest expense)	3,549
Gross benefits paid	(6,468)
Employer contributions	2,151
As at 31 December 2019	**177,197**

	£'000
As at 1 January 2018	165,447
Interest income	4,557
(Loss) / return on plan assets (excluding amounts in net interest expense)	3,353
Transfer	4,448
Gross benefits paid	(10,227)
Employer contributions	5,312
As at 31 December 2018	**172,890**

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.

23 Pensions (continued)

The amounts recognised in the Income Statement and in the Statement of Comprehensive Income for the year in respect of the PSA Group UK Pension Plan are analysed as follows:

Year ended 31 December 2019

Recognised in the Income Statement :

	£'000
Current service cost	766

This charge is included in distribution costs.

Analysis of the amount credited to other finance income :

	£'000
Interest income on scheme assets	5,075
Interest on defined benefit liability	(3,923)
Other finance income	1,152

Taken to the Statement of Comprehensive Income:

	£'000
Actuarial changes arising from changes in demographic assumptions	1,191
Return on plan assets (excluding amounts in net interest expense)	3,549
Recognised in the Statement of Comprehensive Income	4,740

Year ended 31 December 2018

Recognised in the Income Statement:

	Peugeot Pension Plan £'000	PSA Group UK Pension Plan £'000	Total £'000
Current service cost	36	1,018	1,054

This charge is included in distribution costs.

Analysis of the amount credited to other finance income:

	Peugeot Pension Plan £'000	PSA Group UK Pension Plan £'000	Total £'000
Interest income on scheme assets	36	4,557	4,593
Interest on defined benefit liability	(28)	(3,739)	(3,767)
Other finance income	8	818	826

23 Pensions (continued)

Taken to the Statement of Comprehensive Income:

	Peugeot Pension Plan £'000	PSA Group UK Pension Plan £'000	Total £'000
Actuarial changes arising from changes in demographic assumptions	1,555	3,729	5,284
(Loss) / return on plan assets (excluding amounts in net interest expense)	(2,345)	3,353	1,008
Recognised in the Statement of Comprehensive Income	(790)	7,082	6,292

Actuarial valuation

The actuarial valuations at 31 December 2019 under IAS 19(R) showed an increase in the surplus from £39,096,000 to £46,373,000.

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 £2,100,000 (2018: £5,345,000) in the year.

The Company also made contributions to the stakeholder pension scheme, amounting to £274,000 (2018: £201,000) during the year.

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

24 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 25 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 GEFCO group and with PSA Finance UK which the parent company Peugeot S.A. owns respectively 25% (2018: 25%) and 50% (2018: 50%) of the share capital.
The following table 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
GEFCO Group				
2019	2,762	21,735	1,221	3,582
2018	5,958	29,371	1,156	3,954
PSA Finance				
2019	1,601,432	102,118	2,802	4,970
2018	1,282,074	137,054	1,740	4,653

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.

25 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 a 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.

26 Ultimate parent undertaking and controlling party

The immediate holding Company is Automobiles Citroën 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.

27 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.