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GENERAL MOTORS-HOLDEN'S LIMITED  
ANNUAL REPORT 1985

# GM-H THROUGHOUT AUSTRALIA

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## VICTORIA

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### FISHERMENS BEND

Head Office  
Technical Centre (Engineering Department  
& Design Studios)  
Foundries  
Brake Component Manufacture  
Manufacturing plants for engines  
Export Boxing  
Management and Technical Education  
Centre  
Sales Department  
Dealership Service  
Components Division

### DANDENONG

Assembly Commodore  
Assembly Camira  
Assembly Isuzu Trucks  
Computer Centre (EDS)  
Head Office Parts & Accessories  
Operation  
Head Office Detroit Diesel Allison  
International  
Parts manufacturing  
Zone Sales & Service Office  
General Accounting Department

### LANG LANG

Automotive proving ground for passenger  
Vehicles and Trucks  
Safety Test Centre  
Emissions Test Facility

## SOUTH AUSTRALIA

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### ELIZABETH

Assembly Holden Commodore & Gemini  
Body Tool Design  
Production of Metal Stampings  
Body Hardware Manufacture  
Trim Fabrication  
Plastics  
Zone Sales Office

### WOODVILLE

Body Tool Manufacture  
Stampings  
Die Production

## NEW SOUTH WALES

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### ROSEBERY

Zone Sales Office

## QUEENSLAND

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### ACACIA RIDGE

Zone Sales Office

## WESTERN AUSTRALIA

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### WEST PERTH

Zone Sales Office

## BOARD OF DIRECTORS

### **BANKERS**

A.N.Z. Banking Group Ltd.  
Commonwealth Bank of Australia.  
Westpac Banking Corporation.  
National Australia Bank Ltd.  
Banque Nationale de Paris.

### **SOLICITORS**

Mallesons, 121 William Street,  
Melbourne 3000.

### **AUDITORS**

Deloitte Haskins & Sells,  
461 Bourke Street, Melbourne, 3000.

### **SECRETARY**

W. D. Lloyd.

### **REGISTERED OFFICE**

241 Salmon Street, Port Melbourne,  
3207

### **CHARLES S. CHAPMAN, B.S.I.E., M.A.E., M.B.A. Managing Director.**

Appointed Managing Director of General Motors- Holden's Limited in January 1976. Appointed Vice President, General Motors Corporation, August 1979. Employed with General Motors in various activities in the U.S.A. and Europe since 1956.

### **EDWIN A. ELLISON, Deputy Managing Director and Director Personnel Relations.**

Appointed a Director of General Motors- Holden's in 1975 and Deputy Managing Director of General Motors- Holden's in January 1984. Employed with General Motors- Holden's in various activities in personnel relations since 1952.

### **JOHN F. BREMNER, B.Sc. Director Public Affairs and Government Relations.**

Appointed a Director of General Motors- Holden's in August 1981. Employed with General Motors- Holden's in various Public Affairs and Government Relations activities since 1965.

### **KENNETH P. CLAYTON, B.S., M.B.A. Director of Finance.**

Appointed a Director of General Motors- Holden's in October 1985. Employed with General Motors in various activities in the U.S.A., Europe and Africa since 1957.

### **IVAN A. DEVESON, M.S. Director of Materials Management.**

Appointed a Director of General Motors- Holden's in January 1981. Employed in various activities with General Motors in the U.S.A., Europe and Africa and with General Motors- Holden's since 1955.

### **RAYMOND G. GRIGG, Director Product Quality Assurance.**

Appointed a Director of General Motors- Holden's in September 1985. Employed with General Motors- Holden's in various engineering, planning and quality assurance activities since 1957.

### **JOHN S. LOVERIDGE, B.Comm. Director of Marketing.**

Appointed a Director of General Motors- Holden's in May 1982. Employed with General Motors- Holden's in various sales and marketing activities since 1951.

### **JAMES A. LYNCH, Director of Manufacturing.**

Appointed a Director of General Motors- Holden's in September 1985. Employed with General Motors- Holden's in various manufacturing activities since 1943.

### **KEITH G. MOSS, Manager, South Australia.**

Appointed a Director of General Motors- Holden's in March 1983. Employed with General Motors- Holden's in various manufacturing activities since 1947.

### **DONALD K. WYLIE, B.Tech. Director of Engineering, Design and Reliability.**

Appointed a Director of General Motors- Holden's in December 1985. Employed with General Motors- Holden's in various engineering activities since 1948.

### **JAMES M. BUTLER, B.Sc. Resident Director South Australia.**

Appointed a Director of General Motors- Holden's in February 1983. Employed with General Motors- Holden's in various manufacturing activities since 1948.

## REVIEW OF OPERATIONS - 1985

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GM-H's performance was severely impacted in 1985 by unfavourable economic conditions including the devaluation of the Australian dollar and high interest rates. These two factors were the primary reasons behind the loss of \$100.4 million.

However, GM-H increased its share of Australian passenger car sales from 20.8 percent of the market to 22.2 percent. The VK Commodore range achieved leadership in car sales to private owners and since its introduction in February 1986, the VL series has gained outstanding market acceptance.

This strengthening domestic performance is paralleled in exports. GM-H consolidated its position as the nation's leading exporter of manufactured goods, achieving export sales of \$217 million for the year. Currency movement and interest rates hid the fact that the company achieved much improvement in its domestic and export sales.

Sales value of GM-H products in 1985 was \$1,632 million, an increase of 10.3 percent over the 1984 total of \$1,479 million and GM-H registrations in 1985 were 128,443 units, representing a growth rate of 11.2 percent which was faster than the overall growth in an all time record market.



**C. S. Chapman**  
Managing Director

### PASSENGER VEHICLES

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The buoyant market conditions of 1984 continued in 1985 creating a new record for passenger vehicle sales. Total sales increased by 53,396 units or 11.8 percent to a new high of 507,339 vehicles.

Demand was stimulated by many factors. The uncertainty surrounding the introduction in 1986 of engine technology associated with unleaded fuel and constant price increases due to Australian and overseas currency fluctuations gave buyers added reasons to accelerate their purchase decisions.

Holden sales volume in all passenger market segments increased, and the company lifted its share of industry passenger sales to 22.17 percent.

Astra, Gemini and Barina made a significant contribution to sales performance. Camira, in a very competitive market segment, maintained its position relative to 1984, and Commodore sales increased 11.5 percent to a retail total of 62,435 units.

## REVIEW OF OPERATIONS - 1985

### COMMERCIAL VEHICLES

Demand for commercial vehicles remained strong throughout 1985 due to a pull forward resulting from the Australian dollar devaluation and the cessation of investment allowance on June 30. The total commercial vehicle market was up 2 percent against the previous industry record set in 1984.

Rodeo and Jackaroo sales were up 15 percent and 13 percent respectively. The launch of the Drover and Scurry models increased GM-H's product range of light commercials.

Isuzu truck sales were up 18 percent on 1984. However, market penetration fell by 1.3 percentage points to 13.5 percent of the heavy truck market.

WHOLESALE UNITS	1985	1984
<i>Barina</i>	7,208	-
<i>Statesman</i>	58	4,319
<i>Commodore</i>	60,777	59,787
<i>Camira</i>	24,696	21,250
<i>Astra</i>	7,714	4,883
<i>Gemini</i>	10,791	10,827
<b>TOTAL PASSENGER</b>	<b>111,244</b>	<b>101,066</b>
<i>Holden</i>	30	6,423
<i>Rodeo</i>	4,880	5,386
<i>Jackaroo</i>	2,268	2,261
<i>Shuttle</i>	1,713	1,937
<i>Bedford</i>	9	4
<i>Drover</i>	2,605	-
<i>Scurry</i>	433	-
<i>Isuzu</i>	4,932	3,838
<i>Chevrolet</i>	1	2
<b>TOTAL COMMERCIAL</b>	<b>16,871</b>	<b>19,851</b>
<b>TOTAL DOMESTIC</b>	<b>128,115</b>	<b>120,917</b>
<b>TOTAL EXPORT</b>	<b>5,799</b>	<b>10,871</b>
<b>TOTAL SALES UNITS</b>	<b>133,914</b>	<b>131,788</b>

### EXPORTS

GM-H continued as Australia's top exporter of manufactured goods with export sales of more than \$216 million in 1985. An increase of 5.9 percent on the previous year.

GM-H exports in 1985 accounted for about 13.3 percent of total sales, derived from exports of vehicles, engines, components and accessories.

In 1985, the company exported 193,072 engines from the 4 cylinder engine plant at Fisherman's Bend (Victoria) to markets worldwide. GM-H also maintained its export levels of \$1 million dollars per working day.

Looking to the future, GM-H is determined to develop and expand its successful exporting business by seeking out new markets and broadening its range of product exports.

### DEALERS

During 1985, GM-H continued to work closely with the Australia-wide network of 400 dealers.

These dealers, who are a vital element in GM-H's marketing strategies, continued to uphold the company's excellent reputation for sales and service reliability. Training courses were developed and implemented to ensure that GM-H dealers are equipped to represent the company strongly in present and future markets. One such innovation was the introduction of a Post Graduate Seminar, exclusively for graduates of the GM University of Automotive Management. These seminars were highly acclaimed by the dealer network and will serve, in conjunction with other programs, to further strengthen the company's dealer base.

### PARTS AND ACCESSORIES

Another successful year was completed in 1985, with increased sales of parts and accessories. Throughout the year, new products were introduced and inventories were increased to provide improved levels of service to customers.

Additionally, new distribution and marketing strategies were developed to improve competitiveness and contribute towards customer satisfaction, repeat sales of the GM-H vehicle range and increased profitability levels.

### GOVERNMENT PASSENGER MOTOR VEHICLE MANUFACTURING PLAN

In May 1984 the Federal Government announced the Passenger Motor Vehicle Manufacturing Plan post 1984 arrangements.

The Plan covers the period 1985 to 1992 and has as a central policy aim; the rationalisation and restructuring of the industry to ensure that it becomes competitive, both domestically and internationally.

An Automotive Industry Authority was established to oversee this restructuring process and during the year GM-H has worked closely with the Authority to achieve the plan's objectives.

The \$150 Million Motor Vehicles and Components Development Grants Scheme for the encouragement of Australian design and research, offers opportunities for GM-H and grant applications for several projects have been made.

## REVIEW OF OPERATIONS - 1985

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The Export Facilitation Scheme provides for the Automotive Industry Authority to examine all claims for export credits above a level of 7.5 percent. Such claims are considered against criteria relating to value added, diversity of production, level of skills utilized and contribution to the orderly development of the industry. GM-H's claim for 10 percent export credits, based on the export of 4 cylinder engines, was judged as fully meeting the criteria and earned full dollar for dollar credits.

The Plan provides for the gradual lowering of protection against imports as it strives to develop a viable, efficient industry. GM-H has accepted the challenge of competing in this environment, and as a leading Australian manufacturing company will continue to be a strong contributor to the nations employment and growth.

### GM COMPONENTS DIVISION

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The Components Division is responsible for the sale of all components produced by the company, also supplier components where they are required for export.

This includes sheetmetal pressings and castings for the domestic market, Family II engines for the export market and Commodore and Camira components for export to Europe, UK, Asia and South America.

Representation of US component divisions are also handled here as well as sales of Isuzu diesel engines.

### SUPPLIERS

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Payments to suppliers for raw materials, components and services in 1985 increased by 24 percent to \$1,336 million.

This increase reflects the growth in purchases of fully assembled vehicles from local and overseas sources, the impact of inflationary trends in Australia and declining value of the Australian dollar.

GM-H has continued to promote the establishment of long term agreements with suppliers and is actively pursuing a policy of early source selection.

Additional emphasis has been placed on suppliers adopting revised inventory control procedures and quality standards through the application of Total Quality Control (TQC) principles.

### GM-H PEOPLE

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1985 saw continued growth in Quality of Worklife (QWL) activities. Joint union and company working committees

have been established at all plant locations, to promote and guide employee involvement in a broad range of activities. Progress is substantial and the joint initiatives are setting new directions for the future.

The company has continued to play a leading role in apprentice training through the Victorian Industry Training Network. An Apprentice Motor Mechanic Training Centre has been established at the Dandenong plant, in a joint venture with the Victorian Government to serve the needs of dealers, fleet owners and government sponsored organisations in the eastern region of Melbourne.

The challenge of Occupational Health and Safety was further evident in 1985. Plant rearrangements involving assembly and fabrication operations continued to place high demands on all levels of employees for increased safety. Workcare legislation became operative in Victoria bringing higher mandatory standards for occupational health and safety.

1985 was again an active year for the company's Suggestion Program with \$441,401 being paid to employees for suggestions covering improved operating and safety methods.

### QUALITY

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GM-H's future not only rests on investment in technology and facilities, it also depends on the quality, skills, attitude and dedication of its people.

Since 1984 GM-H has been working to provide its people with increased skills by the use of Total Quality Control (TQC) techniques. As at December 1985, over 2,000 people were trained in TQC throughout GM-H and the application of this new knowledge has improved quality and productivity.

Customer satisfaction ratings for GM-H vehicles, derived from independent market research, show a growing improvement from 1983 to 1985.

Improvements have occurred in the nine key measures of customer satisfaction such as "satisfaction with product quality" and "freedom from repairs" and "overall satisfaction with car" from December 1984 to December 1985. Significant gains were made in reducing warranty incidence on the eight major systems in Holden cars.

Since the last annual report, a number of key initiatives have occurred in Product Quality Assurance (PQA). These include:

A Supplier Conference, held in Melbourne, where representatives from 150 suppliers learned more about GM-H's requirements for supplier action on quality,

## REVIEW OF OPERATIONS - 1985

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technology, inventory management and GM-H new design control teams.

The Federal Chamber of Automotive Industries (the manufacturers group) and the Federation of Automotive Products Manufacturers (the suppliers group) have been working together to establish a common industry-wide approach to achieving quality improvements in the Australian automotive industry. An "Australian Automotive Industry Quality Manual" was issued in late 1985.

### SERVICE

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GM-H's commitment to customer satisfaction is demonstrated by the Service department's programs to improve both the company and dealers' ability to satisfy customers.

Programs to improve the technical knowledge of dealer service personnel, dealer access to technical data from GM-H and dealer service facilities and systems, are now well established. New customer relations programs have also been introduced.

The success of these programs is endorsed by the use of extensive customer surveys which indicate a significant improvement in the level of satisfaction with Holden products and dealers.

### WORLDWIDE

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GM-H is a wholly owned subsidiary of General Motors Corporation (GMC). General Motors worldwide vehicle sales in 1985 totalled 9.3 million units, up from 8.3 million units in 1984.

GMC earned worldwide sales and revenues of \$96.4 billion in 1985, a net income of \$4.0 billion and a record for the third successive year enabling the Corporation to maintain its worldwide sales leadership among industrial organisations.

### INVESTMENTS

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In 1985 GM-H maintained its ongoing commitment to Australian vehicle manufacture and over the next several years will invest a further \$320 million which will bring our total investment since 1980 to \$668 million.

Holden's investment programs are geared towards strengthening the company's already significant export performance, attainment of world class quality, updating technology in key areas of manufacturing and enhancing its strong product range for the future.

The retooling of the 4 cylinder engine plant at a cost of \$67 million brings the total investment in that plant to \$360 million. Significant additional investments are being made in strategic areas of the business, including new facilities in the plastics, metal stamping and assembly plants.

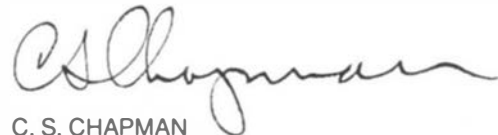
### OUTLOOK 1986

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GM-H is committed to ensuring its future as a leading manufacturer of motor vehicles and components for Australian and export markets.

The initiatives the company has set in train during the last two years to improve the long term viability of the business, continue to progress. Investments are directed towards achieving increased specialisation in advanced componentry to support the company's manufacturing programs and those programs of other automobile manufacturers whom Holdens supply.

Holden's future is closely allied to the objectives of the Government Passenger Motor Vehicle plan and every decision made is towards achieving the objective of being world competitive in quality in 1988, and cost by 1992, the target year for full implementation of the Car Plan.



C. S. CHAPMAN  
Managing Director  
April 30, 1986.

# BALANCE SHEET

## Consolidated Balance Sheet- December 31, 1985 and 1984.

General Motors-Holden's Limited and General Motors-Holden's Sales Pty. Limited.

ASSETS	NOTES	1985 \$000	1984 \$000
<b>CURRENT ASSETS</b>			
Cash	5	159	1,185
Accounts and Notes Receivable	6	93,693	101,964
Inventories	7	351,951	310,191
Prepaid Expenses		3,735	2,736
Total Current Assets		449,538	416,076
<b>INVESTMENTS</b>	8	7,549	7,140
<b>DEFERRED ASSETS</b>	9	95,272	61,311
<b>REAL ESTATE, PLANT AND EQUIPMENT</b>	10	291,576	284,586
<b>TOTAL ASSETS</b>		843,935	769,113
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Bank and Other Short Term Borrowings	11	101,452	73,895
Accounts Payable	12	203,781	175,957
Accrued Liabilities and Provisions	13	46,935	54,289
Total Current Liabilities		352,168	304,141
<b>LONG TERM DEBT</b>	14	297,321	180,402
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>	15	79,730	69,465
<b>STOCKHOLDERS' EQUITY</b>			
Issued and Paid Up Capital	16	290,300	290,300
Share Premium Reserve	16	149,700	149,700
Capital Surplus - Revaluation		2,864	2,864
Unappropriated Profits (Accumulated Losses)		( 328,148 )	( 227,759 )
Total Stockholders' Equity		114,716	215,105
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		843,935	769,113

The accompanying notes form an integral part of these accounts. Rounding off to the nearest thousand dollars has been adopted.



## PROFIT AND LOSS ACCOUNT

### *Consolidated Profit and Loss Account - Year Ended December 31, 1985 and 1984.*

General Motors-Holden's Limited and General Motors-Holden's Sales Pty. Limited.

	1985 \$000	1984 \$000
Sales Revenue (Note 1)	1,642,619	1,491,003
Other Operating Revenue (Note 2)	2,470	813
<b>Total Revenue</b>	<b>1,645,089</b>	<b>1,491,816</b>
Net (Loss) before Income Tax and Extraordinary Items (Note 3)	( 98,870 )	( 51,920 )
LESS: Income Tax Expense (Credit) (Note 19)	( 496 )	( 573 )
Net (Loss) Before Extraordinary Item	( 98,374 )	( 51,347 )
Extraordinary Item -		
Profit (Loss) on Sale of Fixed Assets (No Income Tax Applicable)	( 2,015 )	892
Net (Loss) and Extraordinary Item	( 100,389 )	( 50,455 )
ADD: Accumulated Losses at January 1.	( 227,759 )	( 177,304 )
(Accumulated Losses) at December 31.	( 328,148 )	( 227,759 )

The accompanying notes form an integral part of these accounts. Rounding off to the nearest thousand dollars has been adopted.

# Notes to, and Forming Part of, The Accounts

General Motors Holden's Limited and General Motors-Holden's Sales Pty., Limited

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

### STATEMENT OF ACCOUNTING METHODS

The following summary of significant accounting methods adopted in the preparation of the accounts is given in order to assist in the understanding of the figures presented. Except as otherwise stated in these notes, the historical cost convention has been adopted.

### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of General Motors-Holden's Limited and General Motors-Holden's Sales Pty. Limited, a wholly owned subsidiary company engaged in wholesale marketing operations. The financial statements exclude consolidation of the Dealership Assistance Division Subsidiaries because the related investment is temporary to assist the owners to commence or operate their business.

### TRANSACTIONS IN FOREIGN CURRENCIES

Foreign currency transactions arising during the year have been stated in Australian currency at the average rates of exchange for the months in which they arose. Receivables and Payables at December 31, 1985, which are to be settled in foreign currencies have been stated in Australian currency at approximate rates of exchange at that date.

Foreign exchange adjustments are credited or charged to income currently except to the extent of adjustments related to transactions covered by forward buying contracts. Premiums or discounts on forward buying contracts are amortized over the term of the contract.

### INVENTORIES

Inventories are stated at the lower of cost or net realisable value, with cost being determined substantially on the first-in, first-out or the average cost basis.

Inventories were taken at all locations. Methods used involve a combination of physical inventory and statistical sampling.

### SALES REVENUE

Sales Revenue includes income from sale of motor vehicles, parts and accessories, components, import licences and scrap.

### INCOME TAXES

To accord with accounting standards, future taxation benefits in respect of tax losses and timing differences have not been brought to account.

Investment Allowance, deducted in determining tax estimated to be payable, is normally deferred for amortization over the lives of the related assets. No such deferral was made in the years 1980 to 1985 inclusive.

### FIXED ASSETS

Maintenance, repairs, rearrangement expenses and renewals and betterments which do not enhance the value or increase the basic productive capacity of the assets are charged to cost and expense as incurred. The charge for fixed assets depreciation and amortization is provided on asset cost, or in the case of revalued assets, on the revalued amounts at variable rates depending on the age of the asset and its expected economic life.

### DEFERRED ASSETS

Expenditures for special tools are amortized over short periods of time because the utility value of the tools is affected by frequent changes in the design of the functional components and appearance of the product.

### PRODUCT RELATED EXPENSE

Expenditures for research and development, advertising and sales promotion are charged to costs and expenses when incurred; provisions for estimated costs related to product warranty are made at the time the products are sold.

### INVESTMENTS

Investments in Non-consolidated Subsidiary Companies are initially recorded in the accounts at cost. They are revalued at balance date to their current value, where that value is lower than cost.

### PROVISION FOR EMPLOYEE BENEFITS

Provision has been made for the estimated employee benefits that may become payable in respect to benefits accruing from past service.

## Notes to, and Forming Part of, The Accounts

General Motors Holden's Limited and General Motors-Holden's Sales Pty., Limited

	1985	1984
<b>NOTE 2: OTHER OPERATING REVENUE</b>	<b>\$000</b>	<b>\$000</b>
- Government Grants	422	378
- Commissions	1,347	-
- Other	701	435
	<b>2,470</b>	<b>813</b>

### NOTE 3: NET LOSS

(a) The Net (Loss) is arrived at

#### *After Crediting*

Premiums on Subsidiary Companies Share Redemptions	-	26
Dividends from Subsidiary Companies as detailed in Note 8 (b)	114	129
Interest Received or Receivable from		
- other Related Companies	531	19
- other Persons (Note 21)	528	1,838
Provision for Stock Obsolescence	272	519
Provision for Employee Benefits	6,575	(2,647)
Provision for Marketing Programs, Warranty & Policy	2,996	(4,037)
Write-up/(Down) of Investment in Non Consolidated Subsidiary Companies	117	(227)
Profit (Loss) on Sale of Non Consolidated Subsidiary Company	228	(727)

#### *After Charging*

Provision for Doubtful Debts (Note 6)	96	(50)
Depreciation & Amortization of Fixed Assets	12,535	22,477
Amortization of Special Tools	11,415	10,462
Provision for Outstanding Workers Compensation Claims	4,517	3,272
Interest Paid or Payable to		
- Holding Company	3,889	5,065
- Other Related Companies	8,707	2,058
- Other Persons	35,070	20,811
Net Exchange Loss in Foreign Currency Transactions	52	2,212

(b) Auditors' Remuneration

For Auditing the Accounts and Consolidated Accounts	143	138
Other Services	13	5
The Auditors of the Company also received fees from Subsidiaries which were paid by those Subsidiaries		
- For Audit of Accounts	96	99
- For other Services	11	11

The Auditors received no other benefits for services to General Motors-Holden's Ltd. and its subsidiaries.

## Notes to, and Forming Part of, The Accounts

General Motors Holden's Limited and General Motors-Holden's Sales Pty., Limited

	1985	1984
	\$000	\$000
<b>NOTE 4: DIRECTORS' EMOLUMENTS</b>		
Emoluments received or receivable by Directors engaged in the full time employment of the Company and its related Corporations, other than fixed salaries. All emoluments were contributed by the Company and its related Corporations.	<u>424</u>	<u>594</u>
<b>NOTE 5: CASH</b>		
- Cash on Hand and in Bank	<u>159</u>	<u>1,185</u>
<b>NOTE 6: ACCOUNTS AND NOTES RECEIVABLE</b>		
- Trade Receivables	36,031	42,790
LESS: Provision for Doubtful Debts	<u>5,486</u>	<u>5,395</u>
	30,545	37,395
- Amount Receivable from Holding Company	491	661
- Amount Receivable from Related Companies	32,653	40,813
- Amount Receivable from Non Consolidated Subsidiary Companies	96	342
- Other Receivables	<u>29,908</u>	<u>22,753</u>
Total Accounts and Notes Receivable:	<u>93,693</u>	<u>101,964</u>
Bad Debts Written off and Debited to the Provision for Doubtful Debts.	<u>5</u>	<u>105</u>
<b>NOTE 7: INVENTORIES (Note 1)</b>		
- Finished Goods	125,793	113,245
LESS: Provision for Stock Obsolescence	<u>386</u>	<u>658</u>
	125,407	112,587
- Raw Materials	211,153	180,904
- Work in Progress	<u>15,391</u>	<u>16,700</u>
Total Inventories:	<u>351,951</u>	<u>310,191</u>
<b>NOTE 8: INVESTMENTS</b>		
(a) Shares in Non Consolidated Subsidiary Companies at Cost (Note 8 (b), Note 1).	7,378	7,608
LESS: Amounts Written-Down	<u>582</u>	<u>1,221</u>
	6,796	6,387
Shares in an unlisted company at cost	<u>753</u>	<u>753</u>
	<u>7,549</u>	<u>7,140</u>

Rounding off to the nearest thousand dollars has been adopted

## Notes to, and Forming Part of, The Accounts

General Motors Holden's Limited and General Motors-Holden's Sales Pty., Limited

### NOTE 8: INVESTMENTS (Cont'd)

#### (b) Amount of Holding Company's Investment

Name of Company	Place of Incorporation	Investment at Cost	% Holding of Total Issued Shares	Dividends Received/Receivable	
				1985	1984
		\$000		\$000	\$000
General Motors-Holden's Sales Pty. Limited	Victoria	10	100.0		
Non Consolidated Dealership Assistance Division Subsidiaries					
Leach Motors Pty. Ltd.	Queensland	1345	90.0		
Tony Ireland-Townsville Pty. Ltd.	Queensland	555	64.9	95	
West City Motors Pty. Ltd.	New South Wales	440	84.6		
R.B. Nash Pty. Ltd.	Victoria	550	84.6	3	
The Packard Motor Co. Pty. Ltd.	New South Wales	1274	90.9		
Davies Dwyer Pty. Ltd.	Victoria	514	83.7		127
Hillyer Motors Pty. Ltd.	Victoria	619	82.1		
N.F. & J.E. Dight Pty. Ltd.	Victoria	555	90.7	2	2
John Mitchell Motors Pty. Ltd.	Victoria	143	82.7		
Donlee Motors Pty. Ltd.	Victoria	100	89.6		
Brian Gill Motors Pty. Ltd.	Sth. Australia	620	89.2		
Max Aubert Pty. Ltd.	Victoria	516	100.0		
A & E Taylor Pty. Ltd.	Victoria	147	67.0		
Ian Hebiton Pty. Ltd.(In Vol. Liq.)	Victoria	-	-	14	
Total Non Consolidated		7,378		114	129

### NOTE 9: DEFERRED ASSETS

	1985	1984
	\$000	\$000
- Special Tools at Cost less amounts written off	53,783	17,260
- Other Receivables	41,375	43,070
- Prepayments	114	981
Total Deferred Assets:	95,272	61,311

### NOTE 10: REAL ESTATE, PLANT AND EQUIPMENT

Freehold Land		
- At 1983 Directors' Valuation	14,401	23,933
Land Improvements and Buildings		
- At 1983 Directors' Valuation	138,944	140,721
- At Cost	3,630	832
	142,574	141,553

Rounding off to the nearest thousand dollars has been adopted

## Notes to, and Forming Part of, The Accounts

General Motors Holden's Limited and General Motors-Holden's Sales Pty., Limited

	1985	1984
<b>NOTE 10: REAL ESTATE, PLANT AND EQUIPMENT (Cont'd)</b>	<b>\$000</b>	<b>\$000</b>
LESS: Provision for Depreciation		
- Since 1983 Directors' Valuation	10,104	5,222
- At Cost	102	7
	<u>10,206</u>	<u>5,229</u>
Total Land Improvements and Buildings:	<u>132,368</u>	<u>136,324</u>
Leasehold Improvements		
- At 1983 Directors' Valuation	34,008	34,411
- At Cost	1,115	1,388
	<u>35,123</u>	<u>35,799</u>
LESS: Provision for Amortization		
- Since 1983 Directors' Valuation	3,536	1,794
- At Cost	56	16
	<u>3,592</u>	<u>1,810</u>
Total Leasehold Improvements:	<u>31,531</u>	<u>33,989</u>
Machinery, General Tools, Furniture and Fixtures		
- At 1983 Director's Valuation	91,453	93,890
- At Cost	41,296	11,562
	<u>132,749</u>	<u>105,452</u>
LESS: Provision for Depreciation		
- Since 1983 Directors' Valuation	17,327	14,626
- At Cost	2,146	486
	<u>19,473</u>	<u>15,112</u>
Total Machinery, General Tools, Furniture and Fixtures:	<u>113,276</u>	<u>90,340</u>
<b>TOTAL REAL ESTATE, PLANT AND EQUIPMENT</b>	<u><b>291,576</b></u>	<u><b>284,586</b></u>
Freehold Land includes the following amounts:-		
In respect of Property held for resale		
- Cost of Acquisition	162	162
- Rates and Taxes Capitalised	2	2
	<u>164</u>	<u>164</u>

Rounding off to the nearest thousand dollars has been adopted.

## Notes to, and Forming Part of, The Accounts

General Motors Holden's Limited and General Motors-Holden's Sales Pty., Limited

	1985	1984
<b>NOTE 11: BANK AND OTHER SHORT TERM BORROWINGS</b>	\$000	\$000
- Bank Overdrafts	55,922	43,532
- Other Short Term Loans	8,900	82
- Loan from Holding Company	36,630	30,281
Total Bank and Other Short Term Borrowings:	101,452	73,895
<b>NOTE 12: ACCOUNTS PAYABLE</b>		
- Income Taxes Payable	5	5
- Trade Creditors	144,343	133,594
- Creditors in respect of Fixed Assets	9,725	1,751
- Amount Payable to Holding Company	23,264	17,480
- Amount Payable to Other Related Companies	22,888	20,038
- Amount Payable to Non Consolidated Subsidiary Companies	434	475
- Other Creditors	3,122	2,614
Total Accounts Payable:	203,781	175,957
<b>NOTE 13: ACCRUED LIABILITIES AND PROVISIONS</b>		
- Provision for Marketing Programs, Warranty and Policy	21,940	23,434
- Deferred Investment Allowance Credits	394	496
- Provision for Outstanding Workers' Compensation Claims	3,711	2,800
- Provision for Employee Benefits	20,890	27,559
Total Accrued Liabilities and Provisions:	46,935	54,289
<b>NOTE 14: LONG TERM DEBT</b>		
- Long Term Bank Loans	35,000	35,000
- Loan from Holding Company	-	30,281
- Loan from Related Company	22,321	22,321
- Other Long Term Loans	240,000	92,800
Total Long Term Debt	297,321	180,402
Other Long Term Loans:-		
Represents other short term loans which are intended to be renewed or refinanced under existing long term bank credit agreements.		
<b>NOTE 15: OTHER LIABILITIES AND DEFERRED CREDITS</b>		
- Trade Creditors	2,474	4,479
- Provision for Marketing Programs, Warranty and Policy	2,811	4,313
- Deferred Investment Allowance Credits	1,378	1,772
- Provision for Outstanding Workers' Compensation Claims	10,300	6,695
- Provision for Employee Benefits	23,791	23,697
- Amount Payable to Related Company	35,692	22,185
- Other Creditors	3,284	6,324
Total Other Liabilities and Deferred Credits:	79,730	69,465

Rounding off to the nearest thousand dollars has been adopted.

## Notes to, and Forming Part of, The Accounts

General Motors Holden's Limited and General Motors-Holden's Sales Pty., Limited

	1985	1984						
<b>NOTE 16: CAPITAL</b>	<b>\$000</b>	<b>\$000</b>						
(a) Authorised								
- 292,000,000 Ordinary Shares of \$1 each	292,000	292,000						
- 250,000 Cumulative Redeemable Non Participating Preference Shares of \$2 each	500	500						
Total Authorised Capital:	<u>292,500</u>	<u>292,500</u>						
(b) Issued and Paid Up								
- 290,000,000 Ordinary Shares of \$1 each	290,000	290,000						
- 150,000 Cumulative Redeemable Non Participating Preference Shares of \$2 each	300	300						
Total Issued and Paid Up Capital	<u>290,300</u>	<u>290,300</u>						
(d) Detail of Issued and Paid Up Preference Shares								
	<u>DIVIDENDS</u>							
Class of Share	No. of Shares	Rate 1985 %	Rate 1984 %	Accruing Payable on Redemption 1985 \$000 1984 \$000		Redemption Date	1985 \$000	1984 \$000
(A)	5,000	10.50	10.50	1,142	537	31.12.86	10	10
(B)	10,000	11.52	8.61	2,167	920	31.12.86	20	20
(A)	*33,000	9.75	9.75	5,147	1,644	30.06.87	66	66
(A)	17,000	9.75	9.75	2,661	855	30.06.87	34	34
(A)	14,000	10.75	10.75	3,290	1,550	31.12.87	28	28
(B)	31,000	11.52	8.61	6,742	2,875	31.12.87	62	62
(A)	11,000	10.75	10.75	2,611	1,242	31.12.88	22	22
(B)	29,000	11.52	8.61	6,306	2,688	31.12.88	58	58
	<u>150,000</u>			<u>30,066</u>	<u>12,311</u>		<u>300</u>	<u>300</u>
Class of Share: (A) = Fixed Rate (B) = Floating Rate								
* Company option for early redemption as from June 30, 1986.								
Premium Payable on Redemption of Preference Shares							<u>149,700</u>	<u>149,700</u>
(e) General Motors Corporation, incorporated in U.S.A. is the ultimate holding company of General Motors-Holden's Limited								
<b>NOTE 17:</b>								
Capital commitments not provided for in the accounts:								
- Machinery, General Tools, Furniture and Fixtures, Land Improvements, Buildings, Leasehold Improvements and Special Tools.							<u>58,991</u>	<u>4,735</u>

Rounding off to the nearest thousand dollars has been adopted.



## Notes to, and Forming Part of, The Accounts

General Motors Holden's Limited and General Motors-Holden's Sales Pty., Limited

	1985	1984
	\$000	\$000
<b>NOTE 18: CONTINGENT LIABILITIES:</b>		
(a) (i) Unsecured Contingent Liabilities- Guarantees in respect of Assisted Dealerships and various Dealers' wholesale finance and other loans.	393	393
(ii) Other claims.	1,339	1,042
	<u>1,732</u>	<u>1,435</u>
(b) There are guarantees existing with General Motors Acceptance Corporation, Australia, relating to various financing transactions.		
(c) There is a guarantee in respect to repayment of preference shares issued by another company.	194,657	171,210
	<u>194,657</u>	<u>171,210</u>
<b>NOTE 19: INCOME TAXES</b>		
(a) Total tax expense (credit) for the year is represented by:		
- Tax benefit of investment allowance amortization.	( 496 )	( 578 )
- Under Provision for Income Tax in prior year.	-	5
Total Tax Expense (Credit)	<u>( 496 )</u>	<u>( 573 )</u>
(b) Future income tax benefits arising from:		
- Carry forward tax losses	153,743	127,505
- Timing differences	81,303	75,945
Total Future Tax Benefits:	<u>235,046</u>	<u>203,450</u>
were not recorded in the accounts		

These benefits will only be obtained if:

- (i) The Company derives future assessable income of a nature and of sufficient amount to enable the benefit of the deductions to be realised;
- (ii) The Company continues to comply with the conditions for deductibility imposed by the law; and
- (iii) Legislation does not change in a manner which would adversely affect the Company in realising the benefit of the deductions.

## Notes to, and Forming Part of, The Accounts

General Motors Holden's Limited and General Motors-Holden's Sales Pty., Limited

	1985	1984
<b>NOTE 20: LEASE COMMITMENTS (Not Provided for in the Accounts)</b>	<b>\$000</b>	<b>\$000</b>
(i) Non Capitalised Finance Leases		
(a) Rentals Charged against Profit (Losses) as incurred.	68,540	59,908
(b) Lease Commitments at Balance Date		
- Not Later than One Year	34,147	31,181
- Later than One Year and not Later than Two Years	23,587	31,943
- Later than Two Years and not Later than Five Years	160,830	149,015
- Later than Five Years	57,194	114,217
Minimum Lease Payments	275,758	326,356
Deduct: Future Finance Charges	78,602	92,844
(c) Present Value of Minimum Lease Payments:	197,156	233,512
Represented by:		
- Machinery, Special Tools, General Tools, Furniture and Fixtures	191,868	227,888
- Buildings and Enclosures	5,288	5,624
	<u>197,156</u>	<u>233,512</u>
(ii) Operating Leases		
The Lease Commitments for non-cancellable Operating Leases with terms of more than one year are:		
- Not later than one year	2,270	2,942
- Later than one year and not later than two years	1,870	2,004
- Later than two years and not later than five years	2,584	1,992
- Later than five years	7,277	5,032
Total Operating Lease Commitments	<u>14,001</u>	<u>11,970</u>

### NOTE 21: INTEREST DUE FROM OTHER PERSONS

Interest due from other persons totalling \$938,250 (1984 \$750,625) on a trade receivable of \$5,000,000 (1984: \$5,000,000), has not been brought to account in the profit and loss account. This receivable is fully provided for as doubtful and consequently it is not considered prudent to accrue the interest.

### NOTE 22: ROUNDING OFF OF AMOUNTS TO THE NEAREST THOUSAND DOLLARS

The Company is a Company of the kind referred to in Regulation 58(6) of the Companies (Victoria) Regulations and pursuant to section 271 of the Companies (Victoria) Code amounts have been rounded-off in accordance with that Regulation 58.

Rounding off to the nearest thousand dollars has been adopted.

## STATEMENT OF CHANGES

### *Statement of Changes in Consolidated Financial Position for years ended December 31, 1985, and 1984*

General Motors-Holden's Limited and General Motors-Holden's Sales Pty. Limited.

SOURCE OF FUNDS	1985 \$000	1984 \$000
- Net (Loss) before extraordinary items	( 98,374 )	( 51,347 )
- Profit (Loss) on sale of fixed assets	( 2,015 )	-
- Depreciation of Real Estate, Plant and Equipment	12,535	22,477
- Amortization of Special Tools	11,415	10,462
- Disposals and Retirements of Real Estate, Plant and Equipment and Special Tools	12,848	27,317
- Long Term Debt	116,919	-
- Other Non Current Liabilities	10,265	9,943
- Other Non Current Assets	2,154	3,257
- Share Capital and Premium on Issue	-	75,000
Total:	65,747	97,109
<b>APPLICATION OF FUNDS</b>		
- Expenditures for Real Estate, Plant and Equipment	32,374	13,946
- Expenditures for Special Tools	47,938	20,220
- Long Term Debt	-	94,982
- Increase (Decrease) in Working Capital	80,312 ( 14,565 )	129,148 ( 32,039 )
Total:	65,747	97,109
<b>INCREASE (DECREASE) IN WORKING CAPITAL BY ELEMENT</b>		
- Cash and Marketable Securities	( 1,026 )	( 22,220 )
- Other Borrowings	( 27,557 )	( 30,363 )
- Accounts Receivable and Prepayments	( 7,271 )	26,385
- Inventories	41,760	30,338
- Accounts Payable, Accruals and Provisions	( 20,471 )	( 36,179 )
Total Increase (Decrease) in Working Capital by Element	( 14,565 )	( 32,039 )

Rounding off to the nearest thousand dollars has been adopted.

**STATEMENT BY DIRECTORS**

General Motors-Holden's Limited and General Motors-Holden's Sales Pty. Limited

We, Charles Sherman Chapman and Kenneth Paul Clayton, being two of the Directors of General Motors- Holden's Limited and General Motors-Holden's Sales Pty. Limited, do hereby state that, in our opinion,

(a) the attached consolidated Profit and Loss Statement is drawn up so as to give a true and fair view of the results of the business of General Motors-Holden's Limited and General Motors-Holden's Sales Pty. Limited, for the year ended December 31, 1985, and that the consolidated Balance Sheet is so drawn up as to exhibit a true and fair view of the consolidated state of affairs of those Companies at December 31, 1985

(b) there are reasonable grounds to believe that these companies will be able to pay their debts as and when they fall due

(c) the accounts have been compiled in accordance with Australian Accounting Standards and applicable Approved Accounting Standards

Signed on behalf of the Directors

C. S. Chapman - Director

K. P. Clayton - Director

Dated at Melbourne, Victoria  
April 30, 1986.

**AUDITORS' REPORT TO THE MEMBERS OF**

General Motors-Holden's Limited and General Motors-Holden's Sales Pty. Limited

We have audited the accounts in accordance with Australian Auditing Standards and in our opinion the accompanying accounts, being -

(i) the consolidated balance sheet, consolidated profit and loss account, the accompanying notes thereto and the Statement of Changes in Consolidated Financial Position of General Motors-Holden's Limited and General Motors Holden's Sales Pty. Limited set out on pages 7 to 18.

(ii) the directors' statement

are properly drawn up so as to give a true and fair view of the consolidated state of affairs of the Companies as at December 31, 1985, and of the consolidated results of the Companies for the year ended on that date and are in accordance with Australian Accounting Standards, and applicable approved accounting standards.

DELOITTE HASKINS & SELLS

A. S. Furze  
Partner  
Chartered Accountants

Signed at Melbourne, Victoria  
April 30, 1986

# STATISTICS

## Ten Year's Statistics

General Motors-Holden's Limited and General Motors-Holden's Sales Pty. Limited.

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Wholesale Vehicle Sales										
Units										
Domestic	150,063	132,575	150,162	162,582	131,222	133,903	128,437	107,189	120,917	128,115
Export	7,593	7,694	7,171	11,670	6,685	12,258	12,862	6,914	10,871	5,799
Total	157,656	140,269	157,333	174,252	137,907	146,161	141,299	114,103	131,788	133,914
Sales Revenue-										
Domestic \$000's	700,771	696,314	866,420	1,038,458	952,358	1,101,634	1,128,277	1,011,178	1,274,264	1,415,372
Export \$000's	30,915	30,073	28,943	50,919	38,829	76,617	150,204	189,161	204,759	216,764
Total \$000's	731,686	726,387	895,363	1,089,377	991,187	1,178,251	1,278,481	1,200,339	1,479,023	1,632,136
Expenditures for Land, Buildings and Equipment (Excludes Special Tools) \$000's	11,230	17,222	14,515	30,444	114,062	151,509	29,318	7,071	13,946	32,374
Amounts Paid to Suppliers for Expenditures for Special Tools \$000's	21,288	35,764	38,092	37,246	48,566	16,258	31,372	18,001	20,220	47,938
Materials, Components and Services \$000's	425,158	460,662	524,456	696,227	727,367	752,344	914,006	923,989	1,080,046	1,335,871
Average Number of Employees	22,579	21,255	21,239	22,740	19,838	17,982	18,913	14,992	14,136	12,165
Total Payrolls \$000's	216,132	213,420	248,289	291,454	266,911	293,062	361,687	270,653	305,770	288,470
Net Profit \$000's	16,309	(8,411)	(8,435)	4,617	(129,810)	6,069	(126,626)	(124,861)	(50,455)	(100,389)
Dividends \$000's	7,000	8,050	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Government Charges for Customs Duties and Taxes Including Tax on Dividends \$000's	46,875	26,844	27,730	32,700	31,625	41,395	49,114	43,611	52,716	55,577
Net Income (Loss) of General Motors Corporation, USA, the Holding Company of General Motors-Holdens Limited US millions	2902.8	3337.5	3508.0	2892.7	(762.5)	333.4	962.7	3730.2	4516.5	3999.0

# PRODUCTS

## PASSENGER VEHICLES

HOLDEN	<i>Barina</i>	
	<i>Gemini SL sedan</i> <i>Gemini SL X sedan</i>	
HOLDEN	<i>Astra SL</i> <i>Astra SL X hatchback</i>	
	<i>Astra SL E hatchback</i>	
HOLDEN	<i>Camira SL sedan</i> <i>Camira SL station wagon</i> <i>Camira SL X sedan</i> <i>Camira SL X station wagon</i> <i>Camira SL E sedan</i> <i>Camira SL E station wagon</i> <i>Camira Executive</i>	
	HOLDEN	<i>Commodore Executive</i> <i>Commodore SL sedan</i> <i>Commodore SL Turbo V8</i> <i>Commodore SL station wagon</i> <i>Commodore Berlina</i> <i>Commodore Berlina Turbo V8</i> <i>Commodore Berlina station wagon</i> <i>Commodore Berlina station wagon Turbo V8</i> <i>Calais</i> <i>Calais Turbo V8</i> <i>Piazza</i>

## LIGHT COMMERCIAL VEHICLES

<i>Holden Rodeo LWB (Long Wheel Base) Utility</i>
<i>Rodeo LWB chassis cab</i>
<i>Rodeo LWB crew cab (2 &amp; 4WD)</i>
<i>Rodeo SWB (Short Wheel Base) (4WD) pick up</i>
<i>Rodeo SWB (4WD) chassis cab Available Petrol and Diesel</i>
<i>Holden Jackaroo (4WD) SWB Hardtop</i>
<i>Jackaroo (4WD) station wagon Available Petrol and Diesel</i>
<i>Holden Shuttle SWB van</i>
<i>Shuttle LWB van</i>
<i>Shuttle LT coach Available Petrol and Diesel</i>

## LIGHT TRUCKS

	<u>GVM</u>
<i>NKR 57E Single Rear Wheels</i>	4200kg
<i>NKR 57E Flat Low</i>	4200kg
<i>NKR 57E Dual Rear Wheels</i>	4800kg
<i>NKR 57L</i>	5200kg
<i>NKR 57L Crew Cab</i>	5200kg
<i>NPR 59L (Wde Cab)</i>	5700kg
<i>SPR 59P (Wde Cab)</i>	7000kg

*NPR 59PJ Turbo (Wide Cab)*  
7000kg

## MEDIUM TRUCKS

	<u>GVM</u>
<i>SBR 372</i>	7400kg
<i>SBR 422</i>	8000kg
<i>SBR 422 Custom</i>	8000kg
<i>SBR 422W Custom Crew Cab</i>	8000kg
<i>SBR 422 A Custom</i>	9100kg
<i>SBR 482 Custom</i>	9000kg
<i>SCR 370</i>	10500kg
<i>SCR 480 Custom</i>	10500kg
<i>SCR 480B-S Custom</i>	10500kg
<i>SCR 480B Custom Crew Cab</i>	10500kg

## MEDIUM HEAVY TRUCKS

	<u>GVM</u>
<i>JCR 360</i>	12850kg
<i>JCR 420 Custom</i>	12850kg
<i>JCR 500</i>	12850kg
<i>JCR 500 Custom</i>	12850kg
<i>JCR 500-S Custom</i>	12850kg
<i>JCR 500W Custom Crew Cab</i>	12850kg
<i>FVR 11NT Custom</i>	13900kg
<i>FVR 12N Custom</i>	13900kg
<i>JCS 420 4x4</i>	11000kg
<i>JCS 420 4x4 Crew Cab</i>	11000kg
<i>TSD 45 4x4</i>	12500kg
<i>TWD 25 6x6</i>	14.000kg

\* Off-road rating.

## MULTI AXLE / HEAVY DUTY

	<u>GVM</u>
<i>CVR 162 (4x2)</i>	14200kg
<i>CXG 166 (6x2 Twin Steer)</i>	18500kg
<i>CXZ 164 (6x4)</i>	23000kg
<i>CXH 169 (8x4 Twin Steer)</i>	27000kg

## BUS CHASSIS

	<u>BVM</u>
<i>ECR 570S</i>	12500kg

