

Registered in England and Wales  
Number 1663911

# **BMW (UK) INVESTMENTS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2005**



**BMW (UK) INVESTMENTS LIMITED****DIRECTORS**

N C Wharton  
G M Woolley

**REPORT OF THE DIRECTORS**

The directors present the Annual Report of the Company, together with the Financial Statements for the year ended 31 December 2005.

**Review of activities**

The profit and loss account for the year is set out on page 5.

The Company operates as a holding company for certain BMW Group companies and as a property investment company. During the year the company disposed of property held for the amount of £2,925,000 including costs of disposal.

**Directors**

The names of the present directors of the Company are listed above.

Mr N C Wharton and Mrs G M Woolley both served throughout the year.

The directors have no disclosable interests in shares or rights to subscribe for shares in any group BMW AG company.

**Dividends**

The directors recommend that no dividend should be paid for the year ended 31 December 2005 (2004: £nil).

**Auditors**

The company has previously passed an elective resolution to dispense with the obligation to appoint the auditors, KPMG LLP, annually.

On behalf of the Board:



G M Woolley  
SECRETARY

26<sup>th</sup> October 2006

**BMW (UK) INVESTMENTS LIMITED****Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BMW (UK) INVESTMENTS LIMITED**

We have audited the financial statements of BMW (UK) Investments Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

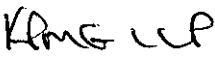
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

  
 .....  
 KPMG LLP  
 Chartered Accountants  
 Registered Auditor

26<sup>th</sup> October 2006

**BMW (UK) INVESTMENTS LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

	<u>Notes</u>	2005 £000	2004 £000
<b>Operating profit</b>	2	719	13
Profit on disposal of fixed assets		<u>2,594</u>	<u>710</u>
<b>Profit on ordinary activities before interest and taxation</b>		3,313	723
Net Interest receivable	4	<u>2,489</u>	<u>2,126</u>
<b>Profit on ordinary activities before taxation</b>		5,802	2,849
Tax on Profit on ordinary activities	5	<u>-</u>	<u>-</u>
<b>Profit for financial year</b>	11	<u>5,802</u>	<u>2,849</u>

**CONTINUING OPERATIONS**

All of the above results relate to continuing operations.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

The Company has no recognised gains or losses other than the results for the above two financial years.

**BMW (UK) INVESTMENTS LIMITED****BALANCE SHEET  
AT 31 DECEMBER 2005**

	Notes	2005 £000	2004 £000
<b>Fixed assets</b>			
Tangible assets	6	-	263
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	7	58,593	53,302
<b>Current liabilities</b>			
Creditors – amounts falling due within one year	8	-	(10)
		<hr/>	<hr/>
<b>Net current assets</b>		58,593	53,292
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		58,593	53,555
		<hr/>	<hr/>
<b>Provisions for liabilities and charges</b>	9	(30)	(794)
		<hr/>	<hr/>
<b>Net assets</b>		58,563	52,761
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	10	1,000	1,000
Profit and loss account	11	57,563	51,761
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	11	58,563	52,761
		<hr/>	<hr/>

These Financial Statements were approved by the Board of Directors on 26<sup>th</sup> October 2006 and were signed on its behalf by:



.....  
N C Wharton

## **BMW (UK) INVESTMENTS LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **1. Accounting Policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS 20 'Share-based payments';
- FRS 21 'Events after the balance sheet date';
- The presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

The recognition and measurement requirements of FRS 17 'Retirement benefits' have also been adopted, previously the transitional disclosures of that standard have been followed.

None of the above accounting policies have impacted materially in these financial statements as no transactions are affected by the standards requirements. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

Consequently, the prior year comparatives have not been restated.

#### **Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of BMW (UK) Holdings Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Bayerische Motoren Werke Aktiengesellschaft, within which this Company is included, can be obtained from the address given in note 12.

#### **Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred (or accelerated) because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19, (see note 5).

**BMW (UK) INVESTMENTS LIMITED****NOTES TO THE ACCOUNTS - continued****1. Accounting Policies (continued)****Investments**

Investments in subsidiary undertakings and in associated undertakings are stated at the lower of cost or net asset value, less provisions for impairment.

**Depreciation**

Depreciation of tangible fixed assets is provided on a straight-line basis at the following annual rates so as to write off their cost or valuation less estimated residual value over their estimated useful economic lives:

Freehold land	- nil
Freehold buildings	- 2.5%
Plant and machinery	- 10% to 25%

**BMW (UK) INVESTMENTS LIMITED****NOTES TO THE ACCOUNTS - continued****2. Operating profit**

	2005 £000	2004 £000
Operating profit is calculated as follows:		
Administrative expenses	-	(46)
Other income	719	59
	<u>719</u>	<u>13</u>

Operating profit is stated after charging:

Auditors' remuneration	-	-
Depreciation of tangible assets	<u>-</u>	<u>42</u>

Auditors' remuneration is borne by BMW (UK) Holdings Ltd.

**3. Directors remuneration**

The directors receive no remuneration for their services to this Company (2004: £ nil), and no payment (2004:£nil) is made to group companies for their services.

**4. Net Interest receivable and similar income**

	2005 £000	2004 £000
Interest payable		
Interest on loans from Group undertakings	<u>(1)</u>	<u>(1)</u>
Interest receivable		
External interest receivable	4	1
Interest on loans to Group undertakings	<u>2,486</u>	<u>2,126</u>
Net interest receivable	<u>2,489</u>	<u>2,126</u>

**BMW (UK) INVESTMENTS LIMITED****NOTES TO THE ACCOUNTS - continued****5. Tax on profit on ordinary activities**

There was no tax charge in the current or preceeding period.

The current tax charge is lower (2004: lower) than the standard rate of corporation tax of 30% (2004: 30%). The reconciling differences are shown below:

	2005 £000	2004 £000
<b>Current Tax reconciliation</b>		
Profit on ordinary activities before tax	5,802	2,849
Current tax at 30% (2004: 30%)	<u>1,741</u>	<u>855</u>
<b>Effects of:</b>		
Capital allowances for the period in excess of depreciation	-	(194)
Income not taxable for tax purposes	(779)	(3)
Expenses not deductible for tax purposes	2	6
Incentive for environmental remediation	(6)	(22)
Utilisation of tax losses not previously recognised	(729)	(689)
Other timing differences not previously recognised	(229)	47
<b>Total current tax charge</b>	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

A deferred tax asset of £0.4m (2004: £1.4m) in respect of other timing differences has not been recognised on the basis that it is more likely than not that there will be insufficient taxable profits arising in the future from which the reversal of the underlying asset could be deducted.

**BMW (UK) INVESTMENTS LIMITED****NOTES TO THE ACCOUNTS - continued****6. Tangible assets**

Freehold land and buildings	£000
Cost or valuation	
At 1 January 2005	263
Disposals	<u>(263)</u>
At 31 December 2005	<u><u>-</u></u>

No depreciation was charged on Freehold land and buildings

**7. Debtors - amounts falling due within one year**

	2005 £000	2004 £000
Interest bearing loan to Group undertaking	58,183	53,271
Other debtors	410	30
VAT	<u>-</u>	<u>1</u>
	<u>58,593</u>	<u>53,302</u>

**8. Creditors - amounts falling due within one year**

	2005 £000	2004 £000
Amounts owed to group undertakings	-	3
Other creditors	<u>-</u>	<u>7</u>
	<u><u>-</u></u>	<u><u>10</u></u>

**BMW (UK) INVESTMENTS LIMITED****NOTES TO THE ACCOUNTS - continued****9. Provisions for liabilities and charges**

	£000
As at 31 December 2004	794
Utilised during the year	(46)
Released to profit and loss account	(718)
As at 31 December 2005	<u>30</u>

The contaminated land provision of £30,000 relate to estimated future rectification costs in respect of property sold during the year, for which the company remains responsible.

**Deferred taxation**

There is no potential liability for deferred taxation arising from accelerated capital allowances or other short term timing differences. Details of the unprovided tax asset are set out in note 4 and below.

	2005 £000	2004 £000
The elements of unprovided deferred taxation are as follows:		
Other timing differences	<u>412</u>	<u>1,370</u>

**10. Share capital**

1,000 (2004:1,000) Ordinary shares of £1 each

	2005 £000	2004 £000
Authorised	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid	<u>1,000</u>	<u>1,000</u>

**BMW (UK) INVESTMENTS LIMITED****NOTES TO THE ACCOUNTS – continued****11. Reconciliation of movements in shareholders' funds**

	Called-up Share capital	Profit and Loss account	Total
	£000	£000	£000
Opening shareholders' funds	1,000	51,761	52,761
Profit for financial year	-	5,802	5,802
Closing shareholders' funds	<u>1,000</u>	<u>57,563</u>	<u>58,563</u>

**12. Ultimate parent company**

The company is a wholly owned subsidiary of BMW (UK) Holdings Limited which is registered in England and Wales.

The ultimate parent company is Bayerische Motoren Werke Aktiengesellschaft, which is incorporated in Germany.

The address where Bayerische Motoren Werke Aktiengesellschaft's accounts can be obtained is Petuelring 130, D-80809 Munich, Germany.

**13. Group accounts**

The Company being a subsidiary undertaking of another company which draws up group accounts is not required to present group accounts. These accounts represent the results of the Company as an individual entity.

The group in which the results of the Company are consolidated is that headed by the ultimate parent company.