

Registered in England and Wales
Number 1663911

ROVER INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2001



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ROVER INVESTMENTS LIMITED**DIRECTORS**

M C Kreeft
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 2001.

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 its interest in British Motor Heritage Limited.

Directors

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

Mr C John von Freyend resigned on 31 December 2001. Mr A T Armitage resigned on 5 April 2001. Mr M C Kreeft was appointed as a director on 26 March 2001. Ms G M Woolley was appointed as a director on 30 December 2001.

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 2001 (2000: £nil).

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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.

ROVER INVESTMENTS LIMITED**REPORT OF THE DIRECTORS - continued**

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company to enable them to ensure that the 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.

On behalf of the Board:



G L Coleshill
SECRETARY
23 May 2002

ROVER INVESTMENTS LIMITED**REPORT OF THE INDEPENDENT AUDITORS KPMG TO THE MEMBERS
OF ROVER INVESTMENTS LIMITED**

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the director's report and, as described on page 2 and 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 of 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.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 of the state of affairs of the Company as at 31 December 2001 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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Chartered Accountants
Registered Auditors
Birmingham

23 May 2002

ROVER INVESTMENTS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001**

	<u>Notes</u>	2001 £000	2000 £000
Operating profit	1	8,842	5,473
Loss on sale of tangible fixed assets		-	(1,905)
Loss on sale of subsidiary undertaking		(246)	-
		<hr/>	<hr/>
Profit on ordinary activities before interest and taxation	2	8,596	3,568
Interest payable	3	(4,907)	(7,371)
Interest receivable from group companies		1,842	-
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities before taxation		5,531	(3,803)
Tax on profit/(loss) on ordinary activities	4	-	2
		<hr/>	<hr/>
Profit/(Loss) for financial year	11	5,531	(3,801)

CONTINUING OPERATIONS

None of the Company's operations were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

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

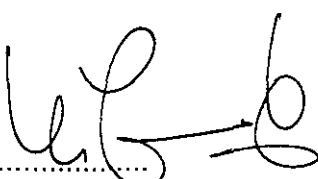
NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2001 £000	2000 £000
Reported profit/(loss) on ordinary activities before taxation	5,531	(3,803)
Realisation of revaluation on sale of property	-	922
	<hr/>	<hr/>
Historical profit/(loss) on ordinary activities before taxation	5,531	(2,881)
	<hr/>	<hr/>
Historical cost profit/(loss) on ordinary activities Retained after taxation	5,531	(2,879)

ROVER INVESTMENTS LIMITED**BALANCE SHEET
AT 31 DECEMBER 2001**

	Notes	2001 £000	2000 £000
Fixed assets			
Tangible assets	5	2,041	97,871
Investments	6	<u>30,147</u>	<u>30,147</u>
		<u>32,188</u>	<u>128,018</u>
Current assets			
Debtors	7	1,125	9,121
Cash at bank and in hand		<u>3</u>	<u>13</u>
		1,128	9,134
Current liabilities			
Creditors – amounts falling due within one year	8	<u>(40,087)</u>	<u>(149,454)</u>
Net current liabilities		<u>(38,959)</u>	<u>(140,320)</u>
Total assets less current liabilities		(6,771)	(12,302)
Provisions for liabilities and charges	9	<u>-</u>	<u>-</u>
Net liabilities		<u>(6,771)</u>	<u>(12,302)</u>
Capital and reserves			
Called up share capital	10	1,000	1,000
Profit and loss account	11	<u>(7,771)</u>	<u>(13,302)</u>
Equity shareholders' funds	11	<u>(6,771)</u>	<u>(12,302)</u>

These Financial Statements were approved by the Board of Directors on 23 May 2002 and were signed on its behalf by:



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M C Kreeft

ROVER INVESTMENTS LIMITED

ACCOUNTING POLICIES

Accounting convention

These financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention as modified by the revaluation of certain fixed assets.

These financial statements are prepared on a going concern basis, notwithstanding the deficiency of net assets shown in the balance sheet, as the directors have received an assurance of continuing financial support from BMW (UK) Holdings Limited.

Taxation

Provision is made for deferred taxation on the liability method to take account of timing differences between the treatment of certain items for accounting and taxation purposes. Provision is only made to the extent that it is probable that an actual liability will crystallise.

Investments

Investments in subsidiary undertakings and in associated undertakings are stated at the lower of cost or net asset value.

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 lives:

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

Cash flow statement

Under Financial Reporting Standard 1 (revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking and the ultimate parent undertaking includes the company's cashflow in its own consolidated financial statements which are publically available (see note 13).

Related party disclosures

Under Financial Reporting Standard 8, the Company is exempt from the requirement to disclose transactions with entities that are part of the Group on the grounds that it is wholly owned by a parent undertaking which includes the Company in its own published consolidated financial statements.

ROVER INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS****1. Operating profit**

	2001 £000	2000 £000
Operating profit is calculated as follows:		
Administrative expenses	(310)	(643)
Provision in respect of subsidiary undertaking	-	3,624
Other income	9,152	2,492
	<u>8,842</u>	<u>5,473</u>

Operating profit is stated after charging:

Auditors' remuneration	7	-
Depreciation of tangible assets	<u>100</u>	<u>368</u>

Auditors' remuneration in 2000 was borne by another Group undertaking.

2. Profit on ordinary activities before interest and taxation

The directors receive no remuneration for their services to this Company (2000: £ nil).

3. Interest payable

	2001 £000	2000 £000
Payable to group undertakings	4,907	5,888
Payable to former group undertaking	-	1,002
Payable to third parties	-	481
	<u>4,907</u>	<u>7,371</u>

4. Tax on profit/(loss) on ordinary activities

	2001 £000	2000 £000
Withholding tax re subsidiary	-	2
	<u>-</u>	<u>2</u>

Based on the results for the year no provision for UK Corporation Tax or deferred taxation is required.

ROVER INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS - continued****5. Tangible assets**

	Freehold land and buildings	Plant and Machinery	Total
	£000	£000	£000
Cost or valuation			
At 1 January 2001	18,053	80,255	98,308
Group transfers	-	80	80
Additions	21	-	21
Disposals	(16,091)	(79,950)	(96,041)
	<hr/>	<hr/>	<hr/>
At 31 December 2001	1,983	385	2,368
Accumulated depreciation			
At 1 January 2001	(101)	(336)	(437)
Group transfers	-	(80)	(80)
Charge for year	(24)	(76)	(100)
Disposals	-	290	290
	<hr/>	<hr/>	<hr/>
At 31 December 2001	(125)	(202)	(327)
Net book value at			
31 December 2001	1,858	183	2,041
31 December 2000	17,952	79,919	97,871

Tangible assets include Freehold Land and Buildings £775,000 (2000: £96,664,000) in respect of Land on which no depreciation is charged.

ROVER INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS - continued****6. Investments**

	Subsidiary Undertakings £000	Associated Undertakings £000	Total £000
Cost			
At beginning of year	57	30,147	30,204
Disposals	(57)	-	(57)
At end of year	<u>-</u>	<u>30,147</u>	<u>30,147</u>
Provision			
At beginning of year	(57)	-	(57)
Disposals	<u>57</u>	<u>-</u>	<u>57</u>
At end of year	<u>-</u>	<u>-</u>	<u>-</u>
Net book value at			
31 December 2000 and 2001	<u>-</u>	<u>30,147</u>	<u>30,147</u>

British Motor Heritage Limited was sold on 23 November 2001. The remaining subsidiary undertaking was not otherwise engaged in trading activities during the year.

The investment in associated undertakings is:

Rover Finance Holdings Limited - a holding of 20,007,904 'A' ordinary shares of £1 each (49.9%). This company, which is also registered in England and Wales, is engaged in financing the sale of new and used vehicles. As at 30 September 2001 (being the latest financial year of Rover Finance Holdings Limited for which audited accounts are available) the Company's share of the aggregate amount of the capital and reserves of that company was £85.9 million.

ROVER INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS - continued****7. Debtors - amounts falling due within one year**

	2001 £000	2000 £000
Amount owed by group undertakings	1,101	3,400
VAT recoverable	-	157
Other debtors	24	5,564
	<u>1,125</u>	<u>9,121</u>

8. Creditors - amounts falling due within one year

	2001 £000	2000 £000
Interest bearing loans from group undertakings	39,590	140,026
Amounts owed to group undertakings	41	255
Bank overdraft	-	29
Other creditors	456	9,144
	<u>40,087</u>	<u>149,454</u>

9. Provisions for liabilities and charges

Deferred taxation

There is no potential liability for deferred taxation arising from accelerated capital allowances or other short term timing differences.

10. Share capital

	Ordinary shares of £1 each	
	2001 £000	2000 £000
Authorised	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid	<u>1,000</u>	<u>1,000</u>

ROVER 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	(13,302)	(12,302)
Profit for financial year	-	5,531	5,531
Closing shareholders' funds	1,000	(7,771)	(6,771)

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.