

BMW (P&A) Limited
Directors' report and financial statements
Registered number 1940907
For the year ended 31 December 2011



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Directors' report

The directors present their directors' report and financial statements for BMW (P&A) Limited (the "company") for the year ended 31 December 2011

Principal activities

The principal activity of the company is the preparation for distribution, repair and maintenance of BMW Group products in the United Kingdom and Ireland

Business review

Strategy

The company aims to continue its success with its strategy of sustainable profitable growth in the future. The BMW Group is extending its product range pressing forward into new segments with new models. It concentrates exclusively on the premium segments of the automobile and motorcycle markets.

Risk Management

The directors worked closely with the management team to anticipate risks from a range of factors, to be able to react and plan accordingly. In the course of its business activities, the company is exposed to various types of risk.

Market risk, being interest and currency risk, was considered to be very low as all sales were made to the immediate parent company only and all transactions were made in sterling. The company does not rely on interest bearing funding; any interest charged or received is based on pre-determined interest rates and hence interest rate risk was deemed to be low.

Liquidity risk and credit risk were also considered to be low given the strong cash position of the company and that the only receivables are with the immediate parent company.

Risk arising from business interruption and loss of production were insured up to economically reasonable levels.

The company managed its capital by investing short term deposits via its affiliate BMW (UK) Capital Plc. At the balance sheet date £3,900,000 (2010: £2,964,000) cash was on deposit with the remaining cash in a readily accessible account.

Delivery delays, cancellations, strikes or poor quality can lead to production stoppages and thus have a negative impact on profitability. The Group mitigated these risks by employing extensive procedures for selecting, monitoring and handling suppliers.

Performance

Revenue for the year of £19,283,000 was 9.5% higher than prior year (2010: £17,603,000). However the gross profit of £4,241,000 is down 11.8% from the previous year (2010: £4,806,000). This is due to changes in the operating structure of BMW (P&A) Limited resulting in more costs being incurred on an activity basis.

During the current year profit after tax amounted to £716,000 (2010: £811,000). The decrease in profit after tax was due largely to the increase in cost of sales compared to 2010.

Equity as at 31 December 2011 is £2,824,000 (2010: £2,108,000). The increase in equity is due to the profit for the year.

The performance for 2011 was in line with the expectations of the directors and reflected the ongoing trading performance of the company.

Details of the result for the year are set out in the income statement on page 6.

Proposed dividend

No dividend was paid during the year (2010: £Nil). The directors do not recommend a final dividend for 2011 (2010: £Nil).

Directors' report (continued)

Policy and practice on payment of creditors

The company's policy is to agree the terms of payment with its suppliers as and when a trading relationship is established. The company ensured that the terms of payment were clear and its policy is to abide by the agreed terms adhered to, provided the supplier met its obligations.

Directors and directors' interests

The directors who held office during the year were as follows

BMW (UK) Limited

P Picker

BMW (UK) Limited had a beneficial interest in all the issued share capital of the company. No other director had any interest in the share capital of the company during the year.

Employees

The company had no employees during the year (2010: Nil)

Political and charitable contributions

The company made no political or charitable contributions during the year (2010: £Nil)

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

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

By order of the board


G Woolley
Company Secretary

Registered Office
Ellesfield Avenue, Bracknell, Berkshire, RG12 8TA

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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 are required to prepare the financial statements in accordance with IFRSs as adopted by the EU 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 their profit or loss of the company for that year. 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 they have been prepared in accordance with IFRSs as adopted by the EU, 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 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 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.



KPMG LLP

Arlington Business Park

Theale

Reading

RG7 4SD

United Kingdom

Independent auditor's report to the members of BMW (P&A) Limited

We have audited the financial statements of BMW (P&A) Ltd for the year ended 31 December 2011 set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 auditors' 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Independent auditor's report to the members of BMW (P&A) Limited (continued)

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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



18/6/2012

RA Stevenson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Income statement
for year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Revenue	1	19,283	17,603
Cost of sales		(15,042)	(12,797)
		<hr/>	<hr/>
Gross profit		4,241	4,806
Administrative expenses		(3,281)	(3,681)
		<hr/>	<hr/>
Results from operating activities	1-4	960	1,125
Financial income	5	18	7
		<hr/>	<hr/>
Profit before income tax		978	1,132
Income tax charge	6	(262)	(321)
		<hr/>	<hr/>
Profit for the year attributable to equity holders		<u>716</u>	<u>811</u>

There were no acquisitions or discontinued activities in either year

The statement of recognised income and expenses has not been presented as all income and expenses in the year have been recognised in the Income statement

**Statement of changes in equity
for year ended 31 December 2011**

	Note	Profit and loss reserve £'000	Total £'000
Equity at 1 January 2010		1,297	1,297
Net profit for the year		811	811
		<hr/>	<hr/>
Equity at 31 December 2010/1 January 2011		2,108	2,108
Net profit for the year		716	716
		<hr/>	<hr/>
Equity at 31 December 2011		<u>2,824</u>	<u>2,824</u>

Equity is solely attributable to equity holders of the parent. Profit and loss reserve is shown within retained earnings on the face of the Balance sheet.

Registered number
1940907

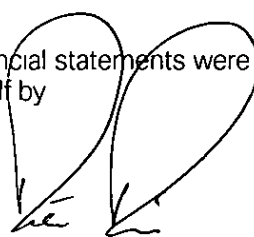
BMW (P&A) Limited
Balance sheet
Year ended 31 December 2011

**Balance sheet
at 31 December 2011**

	Note	2011 £'000	2010 £'000
Non-current assets			
Plant and equipment	7	39	69
		<hr/> 39	<hr/> 69
Current assets			
Trade and other receivables	8	3,274	1,963
Cash and cash equivalents	9	4,189	2,964
		<hr/> 7,463	<hr/> 4,927
Total assets		<hr/> 7,502	<hr/> 4,996
Current liabilities			
Trade and other payables	10	3,834	2,306
Tax payable		844	582
		<hr/> 4,678	<hr/> 2,888
Total liabilities		<hr/> 4,678	<hr/> 2,888
Net assets		<hr/> 2,824	<hr/> 2,108
Equity			
Share capital	11	-	-
Retained earnings	11	2,824	2,108
		<hr/> 2,824	<hr/> 2,108
Total equity		<hr/> 2,824	<hr/> 2,108

These financial statements were approved by the board of directors on 14/06/2012 and were signed on its behalf by

P Picker
Director



Cash flow statement
for year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Cash flows from operating activities			
Profit for the year		716	811
Adjustments for			
Finance income	5	(18)	(7)
Depreciation	7	34	46
Income tax charge	6	262	321
		<hr/>	<hr/>
Operating profit before changes in working capital and provisions		994	1,171
(Increase)/decrease in trade and other receivables	8	(1,311)	492
Decrease in inventories		-	213
Increase in trade and other payables	10	1,528	66
		<hr/>	<hr/>
Net cash from operating activities		1,211	1,942
		<hr/>	<hr/>
Cash flows from investing activities			
Interest received	5	18	7
Acquisition of property, plant and equipment	7	(4)	(17)
		<hr/>	<hr/>
Net cash from investing activities		14	(10)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		1,225	1,932
Cash and cash equivalents at 1 January	9	2,964	1,032
		<hr/>	<hr/>
Cash and cash equivalents at 31 December	9	4,189	2,964
		<hr/>	<hr/>

Notes (forming part of the financial statements)

1. Accounting policies

Reporting Entity

BMW (P&A) Limited is a company incorporated in the UK

Basis of Preparation

Statement of compliance

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs")

The financial statements were approved by the Board of Directors on *14/06/2012*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements

Basis of measurement

The financial statements of the company have been prepared on the historical cost basis

Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report on pages 1 to 3. The financial position of the company, and its cash flows, are presented in the primary statements on pages 8 and 9. In addition, note 12 to the financial statements include the company's objectives, policies and processes for managing its capital, its financial risk management objectives, and its exposures to credit risk and liquidity risk.

The company has considerable financial resources together with providing a core service to the immediate parent company. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Functional and presentation currency

These financial statements are presented in pound sterling, which is the company's functional currency. All financial information presented has been rounded to the nearest thousand.

Use of estimators and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimations. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and any future years.

Standards adopted during the year

In these financial statements no adopted IFRSs which have been effective for the first time have had a material effect on the financial statements.

Adopted IFRS not yet applied

There are no adopted IFRSs endorsed but not yet effective or available for early application that have not been applied by the company that are expected to have a material effect on the financial statements of the company.

Notes (continued)

1 Accounting policies (continued)

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant or equipment. It is calculated at the following rates:

- Plant and equipment 20% per annum

Trade and other receivables & Trade and other payables

Trade and other receivables/trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Impairment

The carrying amounts of the company's assets other than inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Calculation of recoverable amount

The recoverable amount of the company's other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Notes (continued)

1 Accounting policies (continued)

Revenue

Revenues from cost recharges for making goods or services available which generated a significant margin (>5%), is recorded as revenue

Cost recharges with no service performance character (transitory items) and which do not generate a significant margin (<5%) and cost allocations within the company have been offset against the related costs in administrative expenses

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Revenue represents sales to customers at invoiced amounts less value added tax

Net financing costs

Net financing costs comprise interest payable and interest receivable on funds invested that are recognised in the income statement

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised

Notes (continued)

2 Expenses and auditors' remuneration

Included in profit/loss are the following

	2011 £'000	2010 £'000
Depreciation (note 7)	34	46
Auditors' remuneration,	2011 £'000	2010 £'000
Audit of these financial statements	20	20

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was Nil (2010 Nil)

4 Directors' emoluments

The directors are remunerated in respect of their services to the group of which the company is a member. Such remuneration is included in the disclosures in the financial statements of BMW (UK) Limited.

No remuneration for the directors is shown in these financial statements because their services to the company are very minor and an amount in respect of those services cannot realistically be attributed (2010 £Nil).

5 Financial income

	2011 £'000	2010 £'000
Interest income	18	7

Notes (continued)

6 Taxation

Recognised in the income statement

	2011 £'000	2010 £'000
Current tax income		
Current year	262	321

Reconciliation of effective tax rate

The effective tax rate of the company for the year ending 31 December 2011 is 26.8% (2010 28.4%)

	2011 £'000	2010 £'000
Profit before tax	978	1,132
Tax using the UK corporation tax rate of 26.8% (2010 28.4%)	259	317
Depreciation in excess than capital allowances for year	3	4
Total tax in income statement	262	321

All taxation charges relate to current income tax

On 23 March 2011 the Chancellor announced a reduction in the main rate of UK corporation tax from 28% to 26% with effect from 1 April 2011. This change became substantively enacted on 29 March 2011 and therefore the effect of this change is that profits arising in 2011 are taxable at a rate of approximately 26.5%. The Chancellor also proposed changes to further reduce the main rate of UK corporation tax by one per cent per annum to 23 per cent by 1 April 2014. The reduction in the main rate of UK corporation tax to 25% to apply from 1 April 2012 was substantively enacted on 5 July 2011 and has therefore been reflected in the above figures.

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012.

This will reduce the company's future current tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge.

Notes (continued)

7 Plant and equipment

	Plant and equipment £'000
Cost	
Balance at 1 January 2010	601
Additions	17
	<hr/>
Balance at 31 December 2010	618
	<hr/>
Balance at 1 January 2011	618
Additions	4
	<hr/>
Balance at 31 December 2011	622
	<hr/>
Depreciation	
Balance at 1 January 2010	503
Depreciation charge for the year	46
	<hr/>
Balance at 31 December 2010	549
	<hr/>
Balance at 1 January 2011	549
Depreciation charge for the year	34
	<hr/>
Balance at 31 December 2011	583
	<hr/>
Net book value	
At 1 January 2010	98
	<hr/>
At 31 December 2010 and 1 January 2011	69
	<hr/>
At 31 December 2011	39
	<hr/>

Notes (continued)

8 Trade and other receivables

	2011 £'000	2010 £'000
Financial instrument trade and other receivables		
Trade receivables due from immediate parent	2,970	1,772
	<hr/>	<hr/>
	2,970	1,772
Non financial instrument trade and other receivables		
VAT receivable	304	191
	<hr/>	<hr/>
	3,274	1,963
	<hr/>	<hr/>

9 Cash and cash equivalents

	2011 £'000	2010 £'000
Cash and cash equivalents	4,189	2,964
	<hr/>	<hr/>

Included above are the deposits held with BMW (UK) Capital Plc of £3,900,000 (2010 £2,964,000) In accordance with IFRS 7 these are recognised as cash equivalents as they are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. The deposits held with BMW (UK) Capital Plc are interest bearing and subject to an insignificant risk of change in value.

10 Trade and other payables

	2011 £'000	2010 £'000
Trade payables due to parent	2,526	1,450
Other trade payables	492	71
Non-trade payables and accrued expenses	816	785
	<hr/>	<hr/>
	3,834	2,306
	<hr/>	<hr/>

Notes (continued)

11 Capital and reserves

Reconciliation of movement in capital and reserves

		Retained earnings £'000
Balance at 1 January 2010		1,297
Total recognised income and expense		811
Balance at 31 December 2010		2,108
Balance at 1 January 2011		2,108
Total recognised income and expense		716
Balance at 31 December 2011		2,824
Share capital		
	2011 £	2010 £
Authorised Ordinary shares of £1 each	100	100
Allotted, called up and fully paid Ordinary shares of £1 each	100	100
Shares classified in shareholders funds	100	100

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company

Notes (continued)

12 Financial instruments

Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows

	Note	Carrying amount 2011 £'000	Fair value 2011 £'000	Carrying amount 2010 £'000	Fair value 2010 £'000
Cash and cash equivalents	9	4,189	4,189	2,964	2,964
Trade and other receivables	8	2,970	2,970	1,772	1,772
Trade and other payables	10	(3,834)	(3,834)	(2,306)	(2,306)
		<u>3,325</u>	<u>3,325</u>	<u>2,430</u>	<u>2,430</u>

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table

Trade and other receivables/payables

For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables and payables, of which there are none in 2011 (2010 Nil) are discounted to determine the fair value.

Financial risk management

Overview

The company has exposure to the following risks from its use of financial instruments

- Credit risk,
- Liquidity risk, and
- Market risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

Notes (continued)

12 Financial instruments (continued)

Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers

Financial instruments that may subject the company to concentrations of credit and liquidity risk consist primarily of cash, cash equivalents and accounts receivable. The company continually monitors its position with, and the credit quality of, the financial institutions, which are counterparts to its financial instruments, and does not anticipate non-performance

Credit risk is considered to be low given the strong cash position of the company and that the only receivables are with the parent company, whom are in a strong financial position

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was

	2011 £'000	2010 £'000
Trade receivables due from group undertakings	2,970	1,772
Cash and cash equivalents	4,189	2,964
	<hr/>	<hr/>
	7,159	4,736
	<hr/>	<hr/>

All trade receivables due from group undertakings are due from the immediate parent company and are all current in 2011 and the full 2010 balance was recovered during 2011

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due

The company has large cash balances at year end totalling £4,189,000 (2010 £2,964,000) and as such liquidity is not currently seen as a significant risk for the business

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements

Notes (continued)

12 Financial instruments (continued)

2011

	Carrying amount £'000	Contractual cash flows £'000	Less than one year £'000
Non-derivative financial liabilities			
Trade and other payables	3,834	3,834	3,834
	<u>3,834</u>	<u>3,834</u>	<u>3,834</u>

2010

	Carrying amount £'000	Contractual cash flows £'000	Less than one year £'000
Non-derivative financial liabilities			
Trade and other payables	2,306	2,306	2,306
	<u>2,306</u>	<u>2,306</u>	<u>2,306</u>

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments

Market risk is considered to be very low as all sales are made to the parent company only and all transactions are made within the UK and are in sterling. The company has no external borrowing or investments

Notes (continued)

12 Financial instruments (continued)

Interest rate risk

At the reporting date the interest rate profile of the company's interest-bearing financial instruments was

	2011 £'000	2010 £'000
Variable rate instruments		
Financial assets	3,900	2,964
	<hr/>	<hr/>
Balance at 31 December	3,900	2,964
	<hr/>	<hr/>

Cash flow sensitivity analysis for variable rate instruments

A change of 25 basis points in interest rates at the reporting date would have increased the profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

	Profit or (loss)		Profit or (loss)	
	2011 £'000	2011 £'000	2010 £'000	2010 £'000
	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease
Variable rate instruments	9	(9)	5	(5)

Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the company's approach to capital management during the year.

13 Capital commitments

There were no capital commitments as at 31 December 2011 (2010: £Nil).

Notes (continued)

14 Related parties

During the year, goods and services in connection with vehicle preparation were undertaken with BMW (UK) Limited (immediate parent company and director) and other group companies. The total of the transactions amounted to

Identity of related parties

	Purchases of goods £'000	Sales of goods £'000	Receiving of services £'000	The amount of outstanding balances £'000
2011				
The parent	32	19,283	3,170	444
Fellow subsidiaries	-	-	-	3,900

Identity of related parties

	Purchases of goods £'000	Sales of goods £'000	Receiving of services £'000	The amount of outstanding balances £'000
2010				
The parent	5,511	17,603	3,575	322
Fellow subsidiaries	-	-	-	2,964

No guarantees were given or received on any of the transactions above (2010 Nil). Transactions with the parent company, subsidiaries and fellow subsidiaries are priced on an arm's length basis and are unsecured.

Transactions with fellow subsidiaries

Included within the disclosure for fellow subsidiaries are deposits held with BMW (UK) Capital Plc which are classified as cash or cash equivalents and are held for the purpose of meeting short-term cash commitments in accordance with IAS7. These totalled £3,900,000 in 2011 (2010 £2,964,000). These deposits are interest bearing and are subject to an insignificant risk of change in value.

Transactions with key management personnel

There were no transactions with key management personnel (2010 Nil) as the company has no employees.

15 Ultimate parent company and parent company of larger group

The company is a subsidiary undertaking of BMW (UK) Limited. The company's ultimate parent company was Bayerische Motoren Werke Aktiengesellschaft (BMW AG), incorporated in Germany, which is the parent of both the smallest and largest groups of which the company is a member.

BMW AG does not consolidate the accounts of this company.

16 Subsequent events

There have been no events since year end that would have a significant impact on the company or its financial result for the year.