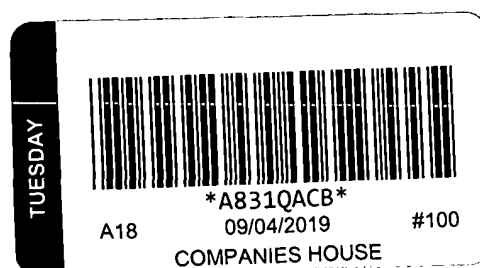


BMW Motorsport Limited

Directors' report and financial statements

**Registered number 03114332
For the year ended 31 December 2018**



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Directors' report

The directors present the Annual Report BMW Motorsport Limited ("the company"), together with the Financial Statements for the year ended 31 December 2018.

The Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006, which also provides an exemption from the preparation of a Strategic Report under section 414B.

Directors

The directors who held office throughout the year were as follows:

JP Stoyale

SA Juraschek (resigned 18 January 2019)

NB Martin (appointed 18 January 2019)

Review of activities

Following a period of dormant trading BMW Motorsport Limited recommenced trading in 2017 as an engineering solution provider for innovative automotive products.

Financial

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

Financial instruments and risks

The company has a financial payable with BMW Finance N.V. The liquidity risk faced by the company is considered low because of the loan from a related party.

Foreign Currency risk

The company does not have any foreign currency payables or receivables; therefore management does not consider the company to have any foreign currency risk.

Dividends

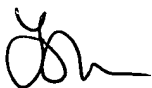
The directors recommend that no dividend should be paid for the year ended 31 December 2018.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will, therefore, continue in office.

These financial statements were approved by the board of directors on 29.3.2019 and were signed on its behalf by:

On behalf of the Board



JP Stoyale
Director

Summit ONE
Summit Avenue
Farnborough
Hampshire
GU14 0FB

29.03.2019

Statement of annual 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 and applicable law (UK Generally Accepted Accounting Practice) including *FRS 101 Reduced Disclosure Framework*.

Under Company law the Directors' must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at anytime the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirements to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Matthew Buckingham (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

1 April 2019

Independent auditor's report to the members of BMW Motorsport Limited

Opinion

We have audited the financial statements of BMW Motorsport Limited for the year ended 31 December 2018 which comprise the Statement of Profit and Loss account, Balance sheet, Statement of changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of long-lived assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to the unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Profit and loss account
for the year ended 31 December 2018

	<i>Note</i>	2018 £000	2017 £000
Administrative expenses	2	(3,269)	(1,563)
Other income		4,017	34
Operating result		748	(1,529)
Interest receivable		5	1
Interest payable		(35)	(6)
Result before taxation		718	(1,534)
Tax on profit	4	(136)	295
Result for financial year being total comprehensive income for the year		582	(1,239)

Notes from pages 8 to 10 form part of the financial statements.

Balance sheet
at 31 December 2018

	<i>Note</i>	2018 £000	2017 £000
Current assets			
Debtors	5	390	329
Cash at bank and in hand		1,878	1,395
		<u>2,268</u>	<u>1,724</u>
Creditors: amounts falling due within one year	6	<u>(2,925)</u>	<u>(2,963)</u>
Net current (liabilities)		<u>(657)</u>	<u>(1,239)</u>
Capital and Reserves			
Called up share capital	7	1	1
Profit and Loss reserves		(658)	(1,240)
Shareholders' Deficit		<u>(657)</u>	<u>(1,239)</u>

Notes from pages 8 and 10 form part of the financial statements.

These financial statements were approved by the board of directors on 29th March 2019 and were signed on its behalf by



JP Stoyale
Director

Company registered number: 03114332

Statement of changes in equity

	Called up Share capital £000	Profit and loss reserve £000	Total £000
Balance at 1 January 2017	1	-	1
Total comprehensive income for the period			
Loss for the Year	-	(1,240)	(1,240)
Balance at 31 December 2017	1	(1,240)	(1,239)
Balance at 1 January 2018	1	(1,240)	(1,239)
Total comprehensive income for the period			
Profit for the Year	-	582	582
Balance at 31 December 2018	1	(658)	(657)

Notes

(forming part of the financial statements)

1 Accounting policies

BMW Motorsport Limited (the “Company”) is a company incorporated, domiciled and registered in England. The registered number is 03114332 and the registered address is Summit ONE, Summit Avenue, Farnborough, Hampshire GU14 0FB.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company’s ultimate parent undertaking, Bayerische Motoren Werke Aktiengesellschaft, which is incorporated in Germany includes the Company in its consolidated financial statements. The consolidated financial statements of Bayerische Motoren Werke Aktiengesellschaft are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Petuelring 130, D-80788 Munich, Germany.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

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

The directors have reviewed the accounting policies and do not believe there are any estimates with a significant risk of material adjustment in the next year which affect these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis and presented in pound sterling, rounded to the nearest thousand.

1.2 Going concern

The financial statements have been prepared on the going concern basis, notwithstanding the net current liabilities of £657k. The Directors have no reason to believe that a material uncertainty exists since the Directors of the company’s parent BMW (UK) Holdings Limited have formally indicated it will provide sufficient funding to the company to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of these financial statements, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes (continued)

1 Accounting policies (continued)

1.3 Non-derivative financial instruments

Non-derivative financial instruments comprise of trade and other creditors, and trade and other debtors.

Trade and other debtors

Trade and other debtors 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.

Trade and other creditors Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1.4 Taxation

Current tax is the expected tax payable or receivable on the taxable income or loss 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.

1.5 Change in Accounting Policy

The company has adopted the following IFRSs in these financial statement:

- IFRS 15: Revenue from Contracts with Customers.
- IFRS 9: Financial Instruments

There are no changes to significant accounting policies as a result of these standards.

2 Expenses and auditor's remuneration

	2018 £000	2017 £000
Audit fees in connection with the audit of these financial statements	6	-

3 Directors' remuneration

The directors receive no remuneration for their services to this Company, and no payment is made to group companies for their services.

4 Taxation

Analysis of charge in year

	2018 £000	£000	2017 £000	£000
<i>UK corporation tax</i>				
Current tax on profit for the year	136		(295)	
Total current tax		136		(295)
Tax on profit on ordinary activities		136		(295)

Notes (continued)

Factors affecting the tax charge for the current year

The tax charge for the year is lower (2017: Higher) than the standard rate of corporation tax in the UK (19.00%) (2017: 19.25%). The differences are explained below:

	2018 £000	2017 £000
<i>Tax reconciliation</i>		
Profit on ordinary activities before tax	718	(1,534)
	<hr/>	<hr/>
Current tax at 19.00% (2017: 19.25%)	136	(295)
	<hr/>	<hr/>
Total tax charge (see above)	136	(295)
	<hr/>	<hr/>

Factors that may affect future charges

There was a reduction in the UK corporation tax rate from 20% to 19% effective from 1 April 2017. A further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2018 has been calculated based on these rates.

5 Debtors

	2018 £000	2017 £000
Amount owed by group undertakings	231	34
Tax receivables from group relief	159	295
	<hr/>	<hr/>
	390	329
	<hr/>	<hr/>

The amounts included in the above are repayable on demand.

6 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Amounts owed to group undertakings	2,925	2,963
	<hr/>	<hr/>

7 Called up share capital

	2018 £000	2017 £000
<i>Allotted, called up and fully paid</i>		
1,000 (2017: 1,000) ordinary shares of £1 each	1	1
	<hr/>	<hr/>

8 Ultimate parent company and parent undertaking of a larger group of which the company is a member

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.