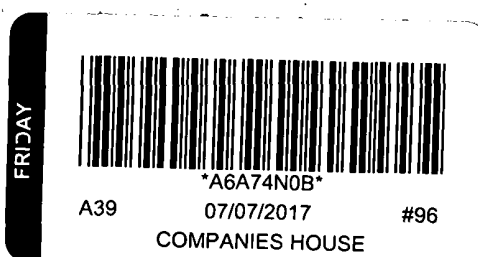


**APD Industries Plc**

**Annual report and financial  
statements**

**Registered number 03532544**

**For the year ended 31 December 2016**



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## Strategic report

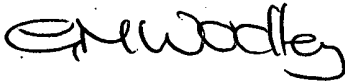
### Business review

The Company acts as a holding company for Rolls-Royce Motor Cars Limited in which it holds an investment of £81,500,002. The Company has not traded during the current or preceding financial years. Accordingly, the company has made neither a trading profit nor a loss.

### Principal risks and uncertainties

The key risk facing the Company is the carrying value of the investment in Rolls-Royce Motor Cars Limited. The directors continue to monitor the performance of Rolls-Royce Motor Cars Limited and have determined that there is no indication of impairment at 31 December 2016. The directors do not consider there is a credit risk in connection with the amounts receivable from group undertakings. Similarly, they do not consider there is any cash flow risk.

On behalf of the Board



**GM Woolley**  
*Secretary*

19 June 2017

## Directors' report

The directors present their Annual Report of the Company and the audited financial statements for the year ended 31 December 2016.

### Dividend

The directors have recommended the payment of a dividend £17,600,000 (2015: £8,000,000).

### Directors

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

Dr J Reul

Dr H Grebenc

The directors had no beneficial interest in the shares of the company.

### Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

### Auditor

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

On behalf of the Board



**GM Woolley**  
Secretary

Summit ONE  
Summit Avenue  
Farnborough  
Hampshire  
GU14 0FB

19 June 2017

## **Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements**

The directors are responsible for preparing the Strategic report, 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 102 Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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 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**

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

## **Independent auditor's report to the members of APD Industries Plc**

We have audited the financial statements of APD Industries Plc for the year ended 31 December 2016 which comprise the profit and loss account, balance sheet and statement in changes of equity as at 31 December 2016 and notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including *FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.

### **Respective responsibilities of directors and auditor**

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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Independent auditor's report to the members of APD Industries Plc (*continued*)**

### **Opinion on other matter prescribed by the Companies Act 2006**

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

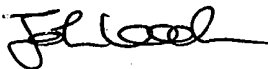
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and.
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

### **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.



**John Leech (Senior statutory auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

**19** June 2017

**Profit and loss account**  
*for the year ended 31 December 2016*

	<i>Note</i>	<b>2016</b> £	<b>2015</b> £
<b>Turnover</b>		-	-
Cost of sales		-	-
		<hr/>	<hr/>
<b>Gross result</b>		-	-
Distribution costs		-	-
Administrative expenses		-	-
Other operating income		-	-
		<hr/>	<hr/>
<b>Operating result</b>		-	-
Income from shares in group undertakings		<b>8,000,000</b>	53,800,000
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>8,000,000</b>	53,800,000
Taxation	4	-	-
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>8,000,000</b>	53,800,000
<b>Other comprehensive income</b>			
Income tax on other comprehensive income	4	-	-
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<b>8,000,000</b>	53,800,000
		<hr/>	<hr/>

The notes on pages 9 to 12 form part of the financial statements.

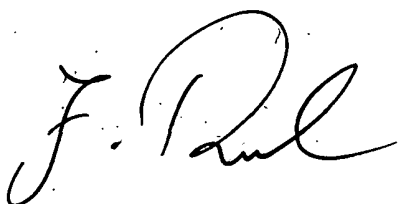


**Balance sheet**  
*at 31 December 2016*

	<i>Note</i>	<b>2016</b> £	2015 £
<b>Fixed assets</b>			
Investments	3	<b>81,500,002</b>	81,500,002
<b>Current assets</b>			
Debtors	5	<b>50,000</b>	50,000
<b>Creditors: amounts falling due within one year</b>	6	<b>(2)</b>	(2)
<b>Net current assets</b>		<b>49,998</b>	49,998
<b>Net assets</b>		<b>81,550,000</b>	81,550,000
<b>Capital and reserves</b>			
Called up share capital	7	<b>41,550,001</b>	41,550,001
Share premium	7	<b>39,999,999</b>	39,999,999
Profit and loss account		-	-
<b>Shareholders' funds</b>		<b>81,550,000</b>	81,550,000

The notes on pages 9 to 12 form part of the financial statements.

These financial statements were approved by the Board of directors on 19 June 2017 and were signed on its behalf by:



**Dr J Reul**  
*Director*

Company registered number: 03532544

## Statement of Changes in Equity

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
Balance at 1 January 2015	41,550,001	39,999,999	-	81,550,000
Other comprehensive income	-	-	-	-
Profit or loss	-	-	53,800,000	53,800,000
<b>Total comprehensive income for the period</b>	-	-	-	-
Dividends received	-	-	53,800,000	53,800,000
Total contributions by and distributions to owners	-	-	-	-
<b>Balance at 31 December 2015</b>	<b>41,550,001</b>	<b>39,999,999</b>	<b>-</b>	<b>81,550,000</b>
Balance at 1 January 2016	41,550,001	39,999,999	-	81,550,000
Other comprehensive income	-	-	-	-
Profit or loss	-	-	8,000,000	8,000,000
<b>Total comprehensive income for the period</b>	-	-	-	-
Dividends received	-	-	8,000,000	8,000,000
Total contributions by and distributions to owners	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>41,550,001</b>	<b>39,999,999</b>	<b>-</b>	<b>81,550,000</b>

The notes on pages 9 to 12 form part of the financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2015. The amendments to FRS 102 issued in July 2016 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking, Bayerische Motoren Werke Aktiengesellschaft 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 as adopted by the EU and are available to the public and may be obtained from Petuelring 130, 0-80788 Munich, Germany. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;

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

#### 1.1 Going Concern

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

#### 1.2 Impairment

*Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### 2 Notes to the profit and loss account

Auditor's remuneration is borne by a subsidiary undertaking.

Two (2015: two) directors held office during the year. The directors receive no remuneration for their services to the company.

## Notes (continued)

### 3 Fixed asset investment

The Company has the following investments in subsidiaries:

	Aggregate of capital and reserves £	Country of incorporation	Class of shares held	Ownership 2016 %	Ownership 2015 %
Rolls Royce Motor Cars Limited	116,326,000	UK	Ordinary	100	100
				2016 £	2015 £
<i>Cost and carrying value</i>					
At 1 January				81,500,002	81,500,002
At 31 December				81,500,002	81,500,002

Rolls-Royce Motor Cars Limited was the only trading subsidiary company of APD Industries Plc at 31 December 2016 and 31 December 2015. APD Industries Plc owns 100% of the ordinary shares of Rolls-Royce Motor Cars Limited which is incorporated in the UK.

The directors considered the carrying value of the investment and determined that there was no indication of impairment.

### 4 Taxation

	2016 £	2015 £
<i>Current tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	-
Total current tax		
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Change in tax rate	-	-
Total deferred tax		
Total tax		

## Notes (continued)

### 4 Taxation (continued)

	2016			2015		
	£ Current tax	£ Deferred tax	£ Total tax	£ Current tax	£ Deferred tax	£ Total Tax
Recognised in Profit and loss account	-	-	-	-	-	-
Recognised in other comprehensive income	-	-	-	-	-	-
Recognised directly in equity	-	-	-	-	-	-
Total tax	-	-	-	-	-	-

### Reconciliation of effective tax rate

	2016 £	2015 £
Profit for the year	8,000,000	53,800,000
Total tax expense	-	-
Profit excluding taxation	8,000,000	53,800,000
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	1,600,000	10,894,500
Tax exempt income	(1,600,000)	(10,894,500)
Total tax expense included in profit or loss	-	-

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional 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.

### 5 Debtors: Amounts falling due within one year

	2016 £	2015 £
Amount owed by group undertakings	50,000	50,000

## Notes (continued)

### 6 Creditors: amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings	2	2

### 7 Capital and reserves

#### Share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i> 41,550,001 (2015: 41,550,001) ordinary shares of £1 each	41,500,001	41,550,001

#### Share premium

	£
At beginning and end of year	39,999,999

#### Dividends

During the financial year, total dividends of £8,000,000, were received from Rolls Royce Motor Cars Limited and then £8,000,000 was paid to BMW (UK) Holdings Ltd.

As APD Industries does not have a bank account, those dividends were paid directly from Rolls Royce Motor Cars Limited on APD Industries behalf.

### 8 Financial instruments and risk analysis

The directors do not consider there is a credit risk in connection with the amounts receivable from group undertakings. Similarly, they do not consider there is any cash flow risk.

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

The Company is a subsidiary undertaking of Bayerische Motoren Werke Aktiengesellschaft which is the ultimate parent company incorporated in Germany.

The largest group in which the results of the Company are consolidated is that of the ultimate parent company. No other group financial statements include the results of the Company. The consolidated financial statements of this group are available to the public and may be obtained from Petuelring 130, D-80788, Munich, Germany.