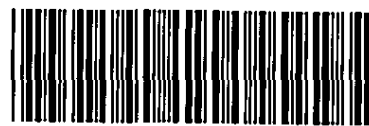


Registered in England and Wales  
Number 3950870

# **BMW SERVICES LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2006**

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COMPANIES HOUSE

**BMW SERVICES LIMITED****DIRECTORS**

M C Kreeft  
J Maidl

**REPORT OF THE DIRECTORS**

The directors present the Annual Report of BMW Services Limited together with the Financial Statements for the year ended 31 December 2006, which are prepared under United Kingdom Generally Accepted Accounting Practice ("UK GAAP")

**Review of activities**

In previous years the Company was engaged in providing services to other BMW group undertakings in the UK and certain former BMW Group undertakings in the UK. These services have come to an end and the only activities remaining within this company relates to operating leases on properties and funds on deposit. During the year the company surrendered an operating lease on a property in Glasgow, at a premium of £275,000, to Ships One Limited & Ships Two Limited.

**Financial**

The profit and loss account for the year is shown on page 6. The company derived income from the release of provisions on an onerous lease, subsequent to its surrender, rental income from property and placing available funds on term deposits with BMW (UK) Capital plc. The company's main expenses relate to rental payments on leased property.

**Financial instruments and risks**

The company has a financial receivable with BMW (UK) Capital plc.

Credit risk

The credit risk faced by the company is considered low because the material receivable balance is with a related party. At the balance sheet date there are no significant concentrations of credit risk. The maximum exposure is represented by the carrying amount of each financial asset in the balance sheet.

Interest rate risk

The interest rate risk faced by the company is considered low because the material receivable balance is with a related party. At the balance sheet date there are no significant concentrations of interest rate risk. The maximum exposure is represented by the carrying amount of interest receivable in the balance sheet.

Liquidity risk

The liquidity risk faced by the company is considered low because the material receivable balance is with a related party. At the balance sheet date there are no significant concentrations of liquidity risk. The maximum exposure is represented by the carrying amount of each financial asset in the balance sheet.

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.

**BMW SERVICES LIMITED****Dividends**

The directors recommend that no dividend should be paid for the year ended 31 December 2006 (2005 £nil)

**Directors**

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

Mr M C Kreeft and Mr J Maidl served as directors throughout the year .

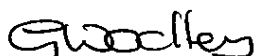
**Political and charitable donations**

The Company made no political donations in either period The Company made no charitable donations (2005 £Nil)

**Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, in 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 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

On behalf of the Board



G M Woolley  
SECRETARY  
22<sup>nd</sup> October 2007

**BMW SERVICES 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 SERVICES LIMITED**

We have audited the financial statements of BMW Services Limited for the year ended 31 December 2006 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 whether in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

  
 .....  
 KPMG LLP  
 Chartered Accountants  
 Registered Auditor

22<sup>nd</sup> October 2007

**BMW SERVICES LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 £000	2005 £000
<b>Turnover</b>	2	-	148
Cost of sales		<u>-</u>	<u>(146)</u>
<b>Gross profit</b>		-	2
Administrative expenses (2006 including £692,000 release of onerous lease provisions (2005 £390,000))		<u>625</u>	<u>180</u>
<b>Operating profit</b>	3	625	182
Net interest receivable and similar income	5	1,402	1,365
Profit on disposal of fixed assets		<u>-</u>	<u>61</u>
<b>Profit on ordinary activities before taxation</b>		2,027	1,608
Tax on profit on ordinary activities	6	<u>(196)</u>	<u>(202)</u>
<b>Profit for financial year</b>		<u>1,831</u>	<u>1,406</u>

All of the Company's reported gross profit for the financial periods relate to discontinued operations

The Company has no recognised gains or losses other than the result for the above financial periods

**BMW SERVICES LIMITED****BALANCE SHEET  
AS AT 31 DECEMBER 2006**

	Notes	2006 £000	2005 £000
<b>Fixed Assets</b>			
Tangible assets	7	-	-
Intangible assets	8	-	-
		-	-
<b>Current Assets</b>			
Debtors	9	31,512	30,849
		<u>31,512</u>	<u>30,849</u>
			30,849
<b>Creditors – amounts falling due within one year</b>	10	<u>(546)</u>	<u>(1,714)</u>
<b>Net current assets</b>		<u>30,966</u>	<u>29,135</u>
<b>Total assets less current liabilities</b>		<u>30,966</u>	<u>29,135</u>
<b>Net assets</b>		<u>30,966</u>	<u>29,135</u>
<b>Capital and reserves</b>			
Called up share capital	11	7,000	7,000
Share premium	12	63,000	63,000
Profit and loss account	12	<u>(39,034)</u>	<u>(40,865)</u>
<b>Total shareholders' funds</b>	13	<u>30,966</u>	<u>29,135</u>

These Financial Statements were approved by the Board of Directors on 22<sup>nd</sup> October 2007 and were signed on its behalf by



M C Kreeft

## **BMW SERVICES 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

##### **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 15

##### **Depreciation**

Depreciation is provided on a straight-line basis on the cost or valuation of each item of plant and machinery, less its estimated residual value, at an annual rate of 10% to 25%

##### **Goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is capitalised and written off on a straight line basis over its useful economic life Provision is made for any impairment

##### **Leasing**

Payments under operating leases are included in the profit and loss account as they fall due

##### **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 measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse and is provided in respect of all timing differences which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19 "Deferred Tax"



**BMW SERVICES LIMITED****NOTES TO THE ACCOUNTS****2. Turnover**

Turnover was derived from the provision of support services to former BMW group undertakings in previous years. The service ended during 2005.

**3. Operating profit**

	2006 £000	2005 £000
Operating profit is after charging/(crediting)		
Auditors remuneration		
- audit services	4	4
Hire of tangible assets under operating leases		
- plant and machinery	-	146
- other	164	212
Release of provisions	(692)	(271)
Property sub-let income	<u>(126)</u>	<u>(119)</u>

**4. Staff numbers and costs**

With the exception of the directors, the Company has no employees (2005: none). The directors receive no remuneration (2005: £nil) for their services to this Company and no pension contributions were made in the current or preceding year.

**5. Net interest receivable and similar income**

	2006 £000	2005 £000
Interest payable		
Interest on loans received from group undertakings	<u>(2)</u>	<u>(1)</u>
Interest receivable		
Interest on loans made to group undertakings	<u>1,404</u>	<u>1,366</u>
Net interest receivable	<u>1,402</u>	<u>1,365</u>

**BMW SERVICES LIMITED****NOTES TO THE ACCOUNTS – continued****6. Tax on profit on ordinary activities****Analysis of charge in period****Current Tax**

	2006 £000	2005 £000
Current tax on income for the period being total current tax	196	202
Deferred tax	-	-
Total tax	<u>196</u>	<u>202</u>

**Current Tax reconciliation**

	2006 £000	2005 £000
Profit on ordinary activities before tax	2,027	1,608
Current tax at 30% (2005 30%)	<u>608</u>	<u>482</u>

**Effects of:**

Capital allowances for the period in excess of depreciation and other timing differences	(210)	(280)
Adjustment in respect of prior period	(202)	-
<b>Total Current tax charge</b>	<u>196</u>	<u>202</u>

**Factors that may affect future tax charges**

Deferred tax assets of £0.6m (2005 £0.8m) in respect of capital allowances and £1.4m (2005 £1.4m) in respect of tax losses, have not been recognised on the basis that it is more likely than not there will be insufficient taxable profits arising in the future from which the reversal of the underlying asset could be deducted.

**Factors that may affect future current and total tax charges**

It has been announced that the corporation tax rate applicable to the company is expected to change from 30% to 28% from 1 April 2008. The deferred tax asset has been calculated at 30% in accordance with FRS 19. Any timing differences which reverse before 1 April 2008 will be (charged)/relieved at 30%, any timing differences which exist at 1 April 2008 will reverse at 28% and, because of the uncertainty of when the deferred tax asset will reverse, it is not possible to calculate the full financial impact of this change.

**BMW SERVICES LIMITED****NOTES TO THE ACCOUNTS - continued****7. Tangible fixed assets**

	Plant and machinery £000
Cost or valuation	
At 1 January 2006	3
Disposal	(3)
At 31 December 2006	-
Accumulated depreciation	
At 1 January 2006	(3)
Disposal	3
At 31 December 2006	-
Net book value at	
31 December 2006	-
31 December 2005	-

**8. Intangible fixed assets**

	Goodwill £000
Cost	
At 31 December 2006 and 2005	<u>23,273</u>
Amortisation	
At 31 December 2006 and 2005	<u>(23,273)</u>
Net book value at	
31 December 2006 and 2005	<u>-</u>

**BMW SERVICES LIMITED****NOTES TO THE ACCOUNTS - continued****9. Debtors**

	2006 £000	2005 £000
Trade debtors	28	27
Amounts owed by group undertakings	31,150	30,483
Other debtors	7	12
Other taxes	<u>327</u>	<u>327</u>
	<u>31,512</u>	<u>30,849</u>

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

	2006 £000	2005 £000
Trade creditors	91	91
Amounts due to group undertakings	-	19
VAT	16	10
Other taxes and social security costs	60	184
Accruals	<u>379</u>	<u>1,410</u>
	<u>546</u>	<u>1,714</u>

**BMW SERVICES LIMITED****NOTES TO THE ACCOUNTS – continued****11. Share Capital**

Ordinary Shares of £1 each

	2006 £	2005 £
10,001,000 (2005 10,001,000) authorised shares of £1 each	10,001,000	10,001,000
7,000,001 (2005 7,000,001) allotted and fully paid	7,000,001	7,000,001

**12. Reserves**

	Share premium Account £000	Profit and loss account £000
At beginning of year	63,000	(40,865)
Profit for financial year	-	1,831
At end of year	63,000	(39,034)

**13. Reconciliation of movements in shareholders' funds**

	2005 £000
Profit for financial year	1,831
Net increase in shareholders' funds	1,831
Opening shareholders' funds	29,135
Closing shareholders' funds	30,966

**BMW SERVICES LIMITED****NOTES TO THE ACCOUNTS – continued****14. Operating lease commitments**

Payments totalling £130,000 were committed at the end of the year to be made during the following year in respect of operating leases, analysed as follows -

	2006 £000	2005 £000
Land and buildings		
Agreements expiring Beyond five years	<u>130</u>	<u>218</u>
	<u>130</u>	<u>218</u>
Other tangible assets		
Agreements expiring Within one year	<u>-</u>	<u>128</u>
	<u>-</u>	<u>128</u>

**15. Ultimate parent company**

The Company is a wholly owned subsidiary of BMW (UK) Holdings Limited which is incorporated 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 No other group accounts include the results of the Company