

Registered in England and Wales  
Number 3950870

# **BMW SERVICES LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2007**



## **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 2007, 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 relate to operating leases on properties and funds on deposit.

#### **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, 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 2007 (2006 £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 (2006 £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  
2<sup>nd</sup> October 2008

**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 and applicable law (UK Generally Accepted Accounting Practice)

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 2007 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 4.

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**

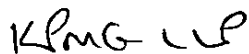
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2007 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

2<sup>nd</sup> October 2008

**BMW SERVICES LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 £000	2006 £000
Administrative expenses (2006 including £692,000 release of onerous lease provisions)		<u>80</u>	<u>625</u>
<b>Operating profit</b>	2	80	625
Net interest receivable and similar income	4	<u>1,783</u>	<u>1,402</u>
<b>Profit on ordinary activities before taxation</b>		1,863	2,027
Tax on profit on ordinary activities	5	<u>(464)</u>	<u>(196)</u>
<b>Profit for financial year</b>		<u>1,399</u>	<u>1,831</u>

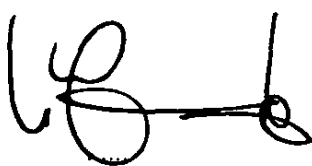
All of the above results relate to continuing operations

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 2007**

	Notes	2007 £000	2006 £000
<b>Fixed Assets</b>			
Intangible assets	6	-	-
		-	-
<b>Current Assets</b>			
Debtors	7	32,712	31,512
		<u>32,712</u>	<u>31,512</u>
<b>Creditors – amounts falling due within one year</b>	8	<u>(347)</u>	<u>(546)</u>
<b>Net current assets</b>		<u>32,365</u>	<u>30,966</u>
<b>Total assets less current liabilities</b>		<u>32,365</u>	<u>30,966</u>
<b>Net assets</b>		<u>32,365</u>	<u>30,966</u>
<b>Capital and reserves</b>			
Called up share capital	9	7,000	7,000
Share premium	10	63,000	63,000
Profit and loss account	10	<u>(37,635)</u>	<u>(39,034)</u>
		32,365	
<b>Total shareholders' funds</b>	11	<u>32,365</u>	<u>30,966</u>

These Financial Statements were approved by the Board of Directors on 2<sup>nd</sup> October 2008 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

**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. Operating profit**

	2007 £000	2006 £000
Operating profit is after charging/(crediting)		
Auditors remuneration		
- audit services	2	4
Hire of tangible assets under operating leases		
- other	-	164
Release of provisions	(131)	(692)
Property sub-let income	<u>(81)</u>	<u>(126)</u>

**3. Staff numbers and costs**

With the exception of the directors, the Company has no employees (2006 none). The directors receive no remuneration (2006 £nil) for their services to this Company and no pension contributions were made in the current or preceding year.

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

	2007 £000	2006 £000
Interest payable		
Interest on loans received from group undertakings	<u>(1)</u>	<u>(2)</u>
Interest receivable		
Interest on loans made to group undertakings	<u>1,784</u>	<u>1,404</u>
Net interest receivable	<u>1,783</u>	<u>1,402</u>

**BMW SERVICES LIMITED****NOTES TO THE ACCOUNTS – continued****5. Tax on profit on ordinary activities****Analysis of charge in period****Current Tax**

	2007 £000	2006 £000
Current tax on income for the period being total current tax	535	398
Prior year adjustment	(71)	(202)
Total tax	<u>464</u>	<u>196</u>

	2007 £000	2006 £000
<b>Current Tax reconciliation</b>		
Profit on ordinary activities before tax	1,863	2,027
Current tax at 30% (2006 30%)	<u>559</u>	<u>608</u>

**Effects of:**

Capital allowances for the period in excess of depreciation and other timing differences	(24)	(210)
Adjustment in respect of prior period	(71)	(202)
<b>Total Current tax charge</b>	<u>464</u>	<u>196</u>

**BMW SERVICES LIMITED****NOTES TO THE ACCOUNTS - continued****6. Intangible fixed assets**

	<b>Goodwill</b> £000
<b>Cost</b>	
At 31 December 2007 and 2006	<u>23,273</u>
<b>Amortisation</b>	
At 31 December 2007 and 2006	<u>(23,273)</u>
<b>Net book value at:</b>	
31 December 2007 and 2006	<u>-</u>

**7. Debtors**

	2007 £000	2006 £000
Trade debtors	30	28
Amounts owed by group undertakings	32,668	31,150
Other debtors	14	7
Other taxes	<u>-</u>	<u>327</u>
	<u>32,712</u>	<u>31,512</u>

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

	2007 £000	2006 £000
Trade creditors	-	91
Amounts due to group undertakings	3	-
VAT	(2)	16
Other taxes and social security costs	11	60
Accruals	<u>335</u>	<u>379</u>
	<u>347</u>	<u>546</u>

**BMW SERVICES LIMITED****NOTES TO THE ACCOUNTS – continued****9. Share Capital**

Ordinary Shares of £1 each

	2007 £	2006 £
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	<u>7,000,001</u>	<u>7,000,001</u>

**10. Reserves**

	Share premium Account £000	Profit and loss account £000
At beginning of year	63,000	(39,034)
Profit for financial year	<u>-</u>	<u>1,726</u>
At end of year	<u>63,000</u>	<u>(37,308)</u>

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

	2007 £000
Profit for financial year	<u>1,399</u>
Net increase in shareholders' funds	1,399
Opening shareholders' funds	<u>30,966</u>
Closing shareholders' funds	<u>32,365</u>

**BMW SERVICES LIMITED****NOTES TO THE ACCOUNTS - continued****12. 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 -

	2007 £000	2006 £000
Land and buildings		
Agreements expiring		
Beyond five years	<u>130</u>	<u>130</u>
	<u>130</u>	<u>130</u>

**13. 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