

Registered in England and Wales  
Number 3950870

# **BMW SERVICES LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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## **BMW SERVICES LTD**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS**

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## STRATEGIC REPORT

### Principal 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 activity remaining within this company relate to funds on deposit.

### Business review and uncertainties

The Company has net assets of £34.3m at 31 December 2016. The Company expects to continue to be in operation for at least 12 months from the date of signature. The directors have not identified any risk that prevent the accounts being prepared under a going concern basis.

### Financial instruments and risks

The Company has a financial receivable with BMW Finance NV (The Netherlands).

#### 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.

On behalf of the Board:



.....  
J Clements  
DIRECTOR  
5.7.2017

Summit ONE  
Summit Avenue  
Farnborough  
Hampshire  
GU14 0FB  
England

## **DIRECTORS' REPORT**

The directors present the Annual Report of BMW Services Limited together with the Financial Statements for the year ended 31 December 2016.

## **DIRECTORS**

The names of the present directors of the Company are listed below:

N Wharton  
J Clements

## **Financial**

The profit and loss account for the year is shown on page 6. The Company derived income from placing available funds on term deposits with BMW Finance NV (The Netherlands).

## **Dividends**

The directors recommend that no dividend should be paid for the year ended 31 December 2016 (2015: £nil).

## **Political and charitable donations**

The Company made no political donations in either period. The Company made no charitable donations (2015: £nil).

## **Disclosure of information to auditors**

The directors, in so far as they are each aware, who held office at the date of approval of this directors' report confirm that there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all steps that they 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.

DIRECTORS' REPORT (continued)

**Auditors**

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

On behalf of the Board:



.....  
J Clements  
DIRECTOR  
5.7.2017  
Summit ONE  
Summit Avenue  
Farnborough  
Hampshire  
GU14 0FB  
England

## **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 and 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; 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BMW SERVICES LIMITED**

We have audited the financial statements of BMW Services Limited for the year ended 31 December 2016 set out on pages 6 to 14. 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 101 *Reduced Disclosure Framework*.

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 4, 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 web-site 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.

### **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.



**Matthew Buckingham (Senior Statutory auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One Snowhill  
Snowhill Queensway  
Birmingham  
B4 6GH

5.7.2017

**PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £000	2015 £000
Administrative expenses		(11)	(2)
<b>Operating loss</b>	2	(11)	(2)
Net interest receivable and similar income	3	102	136
<b>Profit on ordinary activities before taxation</b>		91	134
Tax on profit on ordinary activities	4	(20)	(25)
<b>Profit for financial year being total comprehensive income for the year</b>		71	109

All of the above results relate to continuing operations.

**OTHER COMPREHENSIVE INCOME**

The Company has no other comprehensive income other than the result for the above financial years.

The notes on page 9 to 14 form an integral part of the financial statements.




**BALANCE SHEET  
AS AT 31 DECEMBER 2016**

	Notes	2016 £000	2015 £000
<b>Fixed Assets</b>			
Intangible assets	5	-	-
			-
<b>Current Assets</b>			
Debtors	6	34,311	34,188
		<u>34,311</u>	<u>34,188</u>
<b>Creditors – amounts falling due within one year</b>	7	<u>(52)</u>	<u>-</u>
<b>Net current assets</b>		<u>34,259</u>	<u>34,188</u>
<b>Total assets less current liabilities</b>		<u>34,259</u>	<u>34,188</u>
<b>Net assets</b>		<u>34,259</u>	<u>34,188</u>
<b>Capital and reserves</b>			
Called up share capital	8	7,000	7,000
Share premium		63,000	63,000
Profit and loss account		<u>(35,741)</u>	<u>(35,812)</u>
<b>Total shareholders' funds</b>		<u>34,259</u>	<u>34,188</u>

The notes on page 9 to 14 form an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 5.7.2017 and were signed on its behalf by:



J Clements

Registered Company Number 3950870

## STATEMENT OF CHANGES IN EQUITY

	<b>Called up Share capital £000</b>	<b>Share Premium account £000</b>	<b>Profit and loss account £000</b>	<b>Total equity  £000</b>
Balance at 1 January 2015	7,000	63,000	(35,921)	34,079
<b>Total comprehensive income for the period</b>				
Profit for the year	-	-	109	109
Total comprehensive income for the period	-	-	109	109
<b>Balance at 31 December 2015</b>	<b>7,000</b>	<b>63,000</b>	<b>(35,812)</b>	<b>34,188</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 January 2016	7,000	63,000	(35,812)	34,188
<b>Total comprehensive income for the period</b>				
Profit for the year	-	-	71	71
Total comprehensive income for the period	-	-	71	71
<b>Balance at 31 December 2016</b>	<b>7,000</b>	<b>63,000</b>	<b>(35,741)</b>	<b>34,259</b>

## NOTES TO THE ACCOUNT

### 1. Accounting policies

BMW Services Ltd (the "Company") is a company incorporated, domiciled and registered in England. The registered number is 3950870 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"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

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.

## NOTES TO THE ACCOUNT (continued)

### 1.1 Measurement convention

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

### 1.2 Going concern

The directors have a reasonable expectation that the Company has adequate resources and significant net assets to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

### 1.3 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, cash and cash equivalents, 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 Goodwill

Goodwill is stated at cost less any accumulated impairment losses.

### 1.5 Expenses

#### *Operating lease payments*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

#### *Interest receivable*

Other interest receivable and similar income include interest receivable on funds invested. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

### 1.6 Taxation

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

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.

NOTES TO THE ACCOUNT (continued)

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 following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 temporary difference can be utilised.

**2. Operating loss**

2016	2015
£000	£000

Operating loss is stated after charging/(crediting):

Auditor's remuneration		
- audit services	-	-
Prior Year Expenses		
Hire of tangible assets under operating leases	11	-
- other	-	130
Property sub-let income	-	(80)
	<hr/>	<hr/>

Auditor remuneration of £500 (2015: £500) is borne by another group company.

NOTES TO THE ACCOUNT (continued)

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

	2016 £000	2015 £000
Net interest from related parties	102	135
Net interest from third parties	-	1
	<hr/>	<hr/>
Net interest receivable	<u>102</u>	<u>136</u>

**4. Taxation**

**Recognised in the profit and loss account**

**UK corporation tax**

	2016 £000	2015 £000
Current tax on income for the year	18	27
Adjustments in respect of prior periods	2	(2)
	<hr/>	<hr/>
Total current tax being tax on profit on ordinary activities	<u>20</u>	<u>25</u>

**Reconciliation of effective tax rate**

	2016 £000	2015 £000
Profit on ordinary activities before tax	92	134
Current tax at 20% (2015: 20.25%)	18	27
Adjustments in respect of prior years	2	(2)
	<hr/>	<hr/>
Total tax charge	<u>20</u>	<u>25</u>

NOTES TO THE ACCOUNT (continued)

Reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was enacted on 6 September 2016.

This will reduce the Company's future current tax charge accordingly.

**5. Intangible fixed assets**

	<b>Goodwill</b> £000
<b>Cost</b>	
At 31 December 2016 and 2015	<u>23,273</u>
<b>Amortisation</b>	
At 31 December 2016 and 2015	<u>(23,273)</u>
<b>Net book value at:</b>	
31 December 2016 and 2015	<u><u>-</u></u>

**6. Debtors**

	2016 £000	2015 £000
Amounts due from group undertakings	34,311	34,052
Other debtors	-	12
VAT	-	-
Other taxes	<u>-</u>	<u>124</u>
	<u><u>34,311</u></u>	<u><u>34,188</u></u>

Of the amount due from group undertakings, £34,050,000 relates to funds on deposit with BMW Finance NV, and is repayable on demand. The interest rate on the deposit at year end was 0.136%.

## NOTES TO THE ACCOUNT (continued)

### 7. Creditors - amounts falling due within one year

	2016 £000	2015 £000
Corporation Tax provision	<u>(52)</u>	<u>-</u>

### 8. Share Capital

Ordinary Shares of £1 each

	2016 £000	2015 £000
7,000,000 (2015: 7,000,000) issued and fully paid	<u>7,000</u>	<u>7,000</u>

### 9. 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 group in which the results of the company are consolidated is that headed by the ultimate parent company.

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.