

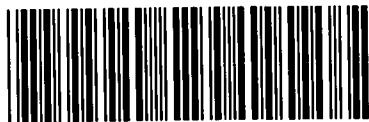
# **Swindon Pressings Limited**

**Annual report and financial statements**

**Registered number 3950873**

**For the year ended 31 December 2021**

**SATURDAY**



**\*AB6G8JHE\***

**A09**

**18/06/2022**

**#93**

**COMPANIES HOUSE**

## Contents

	Page
Strategic report	1
Directors' report	6
Independent auditors' report to the members of Swindon Pressings Limited	12
Statement of comprehensive Income	15
Balance sheet	16
Statement of changes in equity	17
Notes to the accounts	18

## Strategic report

### Principal activities

Swindon Pressings Limited (the "company") is engaged in the manufacture of steel pressings and sub-assembly components for the automotive industry.

### Business review

The company is a production site within the BMW Group production network. The company currently produces parts and sub-assemblies for all MINI derivatives and other specific BMW derivatives in production.

#### The main corporate objectives are:

- to manufacture body pressings and sub-assemblies to BMW Group quality standards;
- to continuously implement operational efficiencies to reduce the cost of production; and
- to achieve targeted production volumes in support of BMW Group sales objectives.

Management consider the following to be the main strategic target areas:

Strategic target area	Performance indicator	Measure
Quality	Adherence to engineering and product standards	Number of quality defects
Production cost	Adherence to cost budget and investment framework	Cost per unit
Volume	Adherence to production programme	Number of units produced

The number of quality defects was in line with targets and the cost per unit was in line with the budget for the financial year. The directors are satisfied with the performance of the company.

Manufactured volume increased by 3.8% compared to the previous year, mainly due to prior year production stoppages caused by the COVID-19 pandemic.

Quality standards are maintained to BMW Group requirements with targets being agreed on an annual basis to satisfy engineering and product standards. External customer feedback and evaluations from organisations such as JD Power, the BMW & MINI dealer network and other sources within the automotive segment, are used to maintain the focus on quality of production.

Production costs represented by labour and overheads are targeted to achieve annual efficiency gains through improved process efficiency and productivity measures.

### Risk management

The company participates in a comprehensive risk management system utilised by the BMW Group to identify, evaluate and document the main categories of risk. As part of the long term planning strategy and short term forecasting procedures, the risks and opportunities attached to specific business activities are evaluated and used as the basis for setting targets and implementing appropriate risk mitigation measures. At present, no risks have been identified which could threaten the existence of the company or which could have a materially adverse impact on the net assets, financial position or results of operation of the company.

In the course of its activities, the company is exposed to various categories of risk:

## **Strategic report (continued)**

### **Risk management (continued)**

#### **Risks relating to the general economic environment**

- Currency and interest rate risks, (due to all sales and the majority of cost of sales being in foreign currencies), are managed throughout the BMW Group at both a strategic and an operating level, utilising hedging strategies and financial markets, co-ordinated through treasury operations, managed by BMW Group.
- Changes in the international commodity markets for precious metals are closely monitored by the BMW Group and hedging strategies implemented, from which the company benefits.
- As a manufacturing enterprise, the company is also affected by changes in energy prices, caused by both market factors and tax legislation

#### **Specific industry risks**

- Changes in fuel prices, which may be either market induced or due to governmental tax policies, and increasingly stringent requirements to reduce fuel consumption as well as CO<sub>2</sub> and N<sub>2</sub>O emissions, place high demands on engine and product development. Future strategies may lead into the development of alternative technologies. The corresponding developments in this area are conducted at a BMW Group level.

#### **Operating risks**

- Risks arising from business interruption and loss of production are insured up to economically reasonable levels under group policies. The BMW Group's flexible production network and working time models also help to reduce operating risks.
- Close co-operation between manufacturers and suppliers is usual in the automotive sector and although this provides economic benefits, it also creates a degree of mutual dependence. Variable pricing, delivery delays, cancellations, strikes or poor quality can thus have a negative impact on profitability. These risks are mitigated by careful supplier selection procedures which assess the technical competence and financial strength of potential suppliers and through ongoing performance management of the suppliers.

#### **Legal risks**

- The company is not involved in any court or arbitration proceedings which would have a significant impact on the economic position of the company.
- The risks arising from warranty claims are mitigated by the high quality of products, ensured by regular quality audits and ongoing improvement measures.

#### **Personnel risks**

- As an attractive employer and as part of the BMW Group, the company has found itself in a favourable position in the intense competition for qualified technical and managerial staff. Employee satisfaction helps to minimise the risk of know-how drift.
- Demographic changes will give rise to risks and opportunities in the future and these are monitored for potential impacts on operations, focusing in particular on the creation of a working environment for the future, promotion and maintenance of the workforce's ability to perform with the appropriate set of skills, training, individual employee working life-time models and increasing employees' awareness of their responsibility for their future.

#### **Information and IT risks**

- As part of the BMW Group, the company protects data, business secrets and innovative developments against unauthorised access, damage and misuse using security measures appropriate to the risk involved. These measures encompass manual, process design and IT controls. The protection of information and data is an integral component of business processes and is achieved by applying international security standards. The technical data protection procedures include process-specific security measures as well as standard activities such as virus scanners, firewall systems and access controls at operating and application level.

## Strategic report *(continued)*

### Section 172 Statement

#### Director's duties

Section 172 of The Companies Act 2006 states that a director of a company must act in the way it considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to :-

- a. The likely consequences of any decision in the long term;
- b. The interests of the company's employees;
- c. The need to foster the company's business relationships with suppliers, customers and others;
- d. The impact of the company's operations on the community and the environment;
- e. The desirability of the company maintaining a reputation for high standards of business conduct; and
- f. The need to act fairly as between members of the company.

In 2021 the company's lawyers gave a presentation to remind the board of their responsibilities under section 172 and how their duties should be fulfilled.

The board reviewed their current approach to corporate governance and decision making, engagement with stakeholders and its impact on the environment. The following summarises how the company's board fulfils its duties under Section 172:

#### Decision making

The company's strategy allows it to be competitive, flexible and resilient while also responding to a rapidly changing market situation. In 2021 examples included:

- Monthly review of Key Performance Indicators and definition of actions to ensure it reaches its long-term objectives;
- Forward planning for production interruptions due to worldwide Semi-Conductor shortages and other related supply chain effects.
- Review of its operational structure to ensure its organisational model remains fit for future;
- Review of training strategy to ensure future training needs are met.

For further details on how the company is managed please see the Directors' Report.

#### Employee engagement

The company's employees are fundamental to the success of the business. The company aims to be a responsible employer in its approach to the pay and benefits of employees. The health, safety and wellbeing of its employees is one of the primary considerations in the way the company does business. In 2021, the following activities have been performed:

- Employees have been asked to participate in an online Leadership Survey in order to help in assessment of employees' concerns and aspirations and specific view on leadership within the business.
- Associate communication events held at the start and end of each year.
- Quarterly management briefing, where the company's directors present and are available to answer any questions.
- Regular internal and external messages are communicated clearly and effectively to target audiences via the most appropriate channels.

For further details on how the company engages with its workforce please see the Employee Engagement Statement in the Directors' Report.

#### Business relationships

The company is fully committed to effectively engage with all of its stakeholders. The company operates in a highly connected environment; the views, decisions and actions of stakeholders have a considerable impact on the business. Therefore, the company's success depends on its ability to engage and work together effectively and constructively. In 2021 examples included:

## **Strategic report (continued)**

### **Business relationships (continued)**

- Ongoing communication with the company's suppliers to develop deeper relationships with companies in the company's supply chains as well as develop strategic relationships with key suppliers.
- Regular exchange with HM Government and its various departments, UK trade bodies and industry associations as well as other stakeholders to build trust, understand positions, identify trends as well as build on and consolidate partnerships.

For further details on how the company engages with its stakeholders please see the Stakeholder Engagement Statement in the Directors' Report.

### **Community and environment**

Sustainability and taking care of the environment is firmly embedded in the company's culture and corporate strategy. It is therefore an integral part of every thought and action the company takes. The company has adopted a holistic approach, implementing sustainability throughout the value chain. In addition to reducing CO2 emissions, the company's strategy also focuses on achieving continuous progress in areas such as corporate environmental protection, supply chain sustainability, employee orientation and social commitment. The company remains committed to the principles of the United Nations Global Compact and has systematically implemented its Ten Principles worldwide since 2001. The company's sustainability strategy also supports the Sustainable Development Goals adopted by the United Nations in autumn 2015.

The company also recognises the relevance of leading the company in such a way that it contributes to wider society. In 2021, the company is proud to continue its support of numerous charities and community projects as part of its corporate social responsibility, an area that the company takes very seriously. Below are some of examples of its 2021 actions:

- Organisation of many fundraising events throughout the year with its own "Charity Champion" group comprising of employee volunteers.
- Encouragement of its employees to volunteer in their communities. In 2021, the company's employees have completed hours of volunteering, supporting the local community, including supporting local initiatives.

For further details please see the Directors' Report.

### **Culture and values**

The company's culture is characterised by clear responsibility, mutual respect and trust. Lawful conduct and fair competition are integral to its business activities and an important condition for maintaining a reputation for high standards of business conduct securing long term success.

The company is focused on people, with customers being at the heart of its business. The company embraces diversity, flexibility, sustainability and continuous improvement throughout the organisation. The company has a customer centric philosophy with transparent, fair and simple processes.

The board and senior management have taken active steps to drive cultural change and to ensure corporate strategy and customer orientation principles and values are embraced across the organisation.

### **Performance of the company**

Revenue increased by 9.5% compared to the previous year due mainly to an increase in production volume. Gross Profit expressed as a percentage of sales increased from 9.1% in 2020 to 12.4% in 2021. Net assets at the end of the financial year were £45.0m (2020: £42.4m). The profit for the year is shown in the Statement of Comprehensive Income.

### **Risk and uncertainties**

The impacts of the Coronavirus outbreak, which was characterised as a pandemic by the World Health Organisation in March 2020, had a lesser impact on production volumes and profitability in 2021 compared to 2020. Examples being the limited availability of certain components linked to the worldwide semiconductor shortages leading to adjustments in customers' production volumes.

The war in Ukraine at the beginning of 2022 has brought further disruption to customers' supply chains. Combined with the previously mentioned semiconductor shortage risks, these supply limitations can also lead to production volume adjustments. The company's risk mitigation measures continue to lead to an agile response to counter risks in volatility. Key strategies are continuously developed to improve all areas of the company's performance and risk management.

## Strategic report *(continued)*

### Outlook in 2022

A clear focus on premium vehicles and premium services for individual mobility remains the core of the company's business model. The company will continue to refine this approach. The company does so in light of changing customer demands, stringent regulations and the demands placed on automobile manufacturers by different industrial policies in different countries and it continues to sustain a clear focus on process stability and on-going productivity improvements whilst supporting and reacting in an agile way to external market factors. Production volumes overall, in despite of the risks identified, are forecasted to meet BMW Group sales forecasts. No new major investments are planned but expenditure for optimisation of existing facilities will continue.

On behalf of the Board



A M D Schneider  
Director

Summit ONE, Summit Avenue, Farnborough,  
Hampshire, GU14 0FB, England

23 May 2022

## Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2021.

### Directors

The directors of the company who were in office during the year and up to the date of the signing of the financial statements were as follows:

A M D Schneider  
Dr M H Grueneisl (Appointed 1 September 2021)  
Dr P Weber (Resigned 1 September 2021)

### Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 financial year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

### Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Results and dividend

During the year, a dividend of £3,200,000.00 (2020: £6,509,700.98) was paid to BMW (UK) Holdings Limited (sole shareholder of Swindon Pressings Limited). A dividend of £5,800,000.00 in respect of the 2021 financial year was subsequently proposed and paid after the year end on 6<sup>th</sup> April 2022.

A reconciliation of the movements in shareholders' funds is given in the statement of changes in equity.

### Events after the reporting date

The Strategic report provides details of events after the reporting date.



## Directors' report (*continued*)

### Employee Engagement Statement

#### Workforce

Our workforce is our most valuable asset. We invest in training, development, coaching and skills acquisition to ensure the required knowledge and behaviours are aligned with the company's strategy and values. It is important for our employees to feel connected to the company's purpose.

Through associate communication events held at the start and end of each year we seek to ensure our purpose and the important role employees have is clearly communicated. Senior managers attend these briefings with the workforce and constantly review the way in which information is provided to ensure engagement with employees.

Our communications department is responsible for corporate and associate communications for Plants Oxford, Swindon and Hams Hall. The team works in close co-operation with colleagues in all technologies and on other BMW Group sites to ensure that internal and external messages are communicated clearly and effectively to target audiences via the most appropriate channels.

Communication briefings at a local level give employees a platform to raise questions and put suggestions to the senior management team. In the financial year employees were invited to participate in an online Global All Employee Survey which helps the company to assess employees concerns and aspirations. The key aspects of the survey relate to leadership, team, strategy, processes, and culture and employer attractiveness.

The company have in place a Recognition Agreement with the signatory Trade Union (currently Unite the Union) where a working culture will be encouraged, via training and development which promotes communication, minimises barriers, and invites a high level of involvement and results in a close partnership between the company, its associates and the trade unions.

The company accepts that the signatory trade unions have the exclusive right and responsibility to represent all non-management Associates in relation to salaries and other terms and conditions of employment.

The company and trade union recognise the Plant Joint Committee (the PJC) as the Employee Consultation Forum. The aim of the forum is to provide a two-way communication process, involving and engaging employees through consultation, enabling them to contribute to the success of the business. It also offers management the opportunity to consult over business related issues and gain commitment to change. The forum discusses business wide issues impacting employees, provides key information on employment policies and terms of employment, serves as a central communication channel for employees and is an important mechanism of communication between management and employees.

The company, in collaboration with the PJC and Senior Management Team, guides the cultural development of our plants and aims to make it a successful and happy place to work in. It does this through living and breathing the 5 core values of responsibility, appreciation, transparency, trust and openness.

#### Diversity and Inclusion

The company has adopted a Diversity and Inclusion Policy and through the application of this policy the company aims to ensure everyone is treated fairly and equitably and there are arrangements in place to prevent discrimination in the workplace. The company is committed to encouraging diversity being inclusive and preventing discrimination amongst the workforce. This is promoted through a number of in house network groups which cover a range of subject areas such as mental health and disability.

In the financial year a Diversity and Inclusion Survey was carried out by the company. The survey raised awareness of the initiatives and the various diversity and inclusion focus groups there are across our plant. The ethos of diversity and inclusion means the company is very supportive of individuals to achieve their full potential regardless of physical ability. Examples of initiatives that the company is working on include: Supporting an accessible plant; promotion of quiet spaces; inclusive leadership; disability awareness and becoming a disability confident employer. There is a PRIDE network group which supports the company's LGBT community.

The survey also looked at culture and ethnicity. The company is looking to create more awareness around BAME and engages with external organisations to benchmark and see how their network groups are supporting this issue. The company has a focus group called "Minds Matter" which brings together passionate employees from the BMW community who seek to drive cultural change surrounding issues of mental health.

## **Directors' report (continued)**

### **Recruitment**

The company is an equal opportunities employer of around 600 staff. Recruitment decisions are based upon the match of the individual's competencies, skills and knowledge to the requirements of the role. A variety of selection methods are used for both internal and external recruitment including assessment centres, competency-based interviews and psychometric tests.

Offers of employment are made subject to satisfactory completion of pre-employment checks, which include verification of reasons for leaving past employers, qualifications and honesty.

All roles are assessed and provided with job specifications. These detail the purpose of the role, key accountabilities, selection criteria and competencies required. The recruitment process is designed to ensure the most suitable candidate is selected and also to highlight any additional training required in order to ensure the person is competent and remains competent for that role.

### **Career Development**

The company recognises the importance of career development and progression. To assist in this a performance management process is employed. This process provides the following:

- ensures the employee has a clear understanding of what is expected of them;
- enables the employee to monitor their performance against the requirements for their role;
- provides a fair and consistent way of measuring the performance of all staff;
- helps identify any training needs;
- helps identify how employees can maximise their potential;
- enables employees to discuss their aspirations for the future; and
- influences salary and bonus payments.

Succession planning is performed regularly at a senior level, locally within each department and annually following the performance review process.

Individuals establish a Personal Development Plan with their manager each year as part of the Performance Management Process. Formal, informal (coaching etc.), computer based and on-the-job training is then provided to meet individual training needs and in fulfilment of best practice and legislative requirements.

The company has a multiple Performance Management Processes in place, which appraises employee's performance either as individuals or as a team by consideration of target achievement and leadership behaviour. In order to ensure all employees have a clear understanding of expectations, an individual/team target agreement is drawn up for every employee at the beginning of the year as part of the Performance Management Process. Achievement of the targets is appraised informally throughout the year in feedback meetings with the line manager and is formally assessed in the performance review process, which takes place at the end of the year.

### **Training**

It is the policy of the company that all employees are trained and developed in order to satisfy the statutory, regulatory and professional requirements expected of their role. Training and development is ongoing and monitored to ensure required levels of knowledge are achieved and maintained.

All roles are assessed and provided with job specifications. These detail the purpose of the role, key accountabilities, selection criteria, and competencies required. The recruitment process described above is designed to find the most suitable candidate to match the specification and also highlight any additional training required to ensure the person is competent and remains competent for that role. Additionally, in the case of internal staff, the job specification can ensure that other employees are sufficiently trained to be competent in another role to ensure the company has adequate cover should there be peaks in the business or staff absence.

Training is planned to ensure that it is received at the appropriate times. Training on legal and regulatory requirements are provided to all relevant personnel.

Records are retained of all training undertaken, future training required by an employee is captured as part of the personal development process.

## **Directors' report (continued)**

### **Remuneration**

All employees receive a base salary, have access to a range of flexible benefits, and are eligible for a bonus payment on an annual basis to promote personal performance, collaboration and the assumption of entrepreneurial responsibility. The bonus is based on personal achievement and achievement of the targets of the company as a whole, 70% based on company targets and 30% based on BMW Group targets.

### **Stakeholder Engagement Statement**

Stakeholder engagement is important to the company and the BMW Group as a whole. The BMW Group operates in a highly connected environment. BMW Group products and services are used extensively throughout the UK and it attracts interest from, and are interested in, a diverse group of stakeholders. The BMW Group highly values regular exchanges with the stakeholders. The views, decisions and actions of stakeholders have a considerable impact on the business. Some examples of the stakeholders that the company and the BMW Group engages with are referred to below.

#### **Employees**

Our employees are the foundation of our success. Their professional qualifications and commitment are outstanding. In return, we offer attractive jobs, comprehensive opportunities for personal development and the opportunity to gain further qualifications. Further details on how the company engages with its workforce are contained in the Employee Engagement Statement in the Directors' Report.

Employees who become disabled during their working life will be retrained in employment wherever possible and will be given the required assistance. The company is an equal opportunities employer and is opposed to any form of discrimination being practised against employees or applicants for employment.

#### **Suppliers**

The company and the BMW Group as a whole, perceive our global supplier network as a major contribution to value creation, quality and innovation and hence to our success. Our collaboration with our suppliers is based on a mutual understanding of product and production quality, security of supplies, competitive prices and innovation, as well as the continuous integration of our sustainability requirements.

Suppliers have a significant impact on our sustainability performance and the sustainable development of society. It is therefore essential that our partners fulfil the BMW Group Supplier Sustainability Standard, which requires compliance with internationally recognised human rights, as well as labour and social standards.

#### **Government, Regulators and trade bodies**

The company engages in regular exchange with HM Government and its various departments, UK and international NGOs, trade bodies and industry associations as well as universities and other stakeholders in academia. In dialogue with these stakeholders, the company wishes to build trust, understand positions, identify trends as well as build on and consolidate partnerships. The company engages with its regulators both at an industry level through trade associations for example the Society of Motor Manufacturers and Traders ("SMMT") and at an operational level.

The company is represented at the SMMT through working groups on various topics affecting the automotive industry for example on type approval, Brexit and Worldwide Harmonised Light Vehicle Test Procedure ("WLTP"). At an operational level the company interacts with regulators such as the DVSA on vehicle safety and the recall process and with the VCA on topics such as vehicle standards, type approval and environmental labelling.

#### **Community and Charity**

Corporate social responsibility is important to the company and it undertakes many initiatives in this area.

The company made donations to UK charities amounting to £7,500 (2020: £8,000). The company organised many fundraising events throughout the year with its own "Charity Champion" group comprising of employee volunteers.

Associates are also able to contribute via monthly wage deduction in to the 'Associate Charity Fund' which is a company and trade union collaboration. The fund ensures that contributions received are split across a number of local charities within the area each year. The company also supports Alzheimer's Society.

The company's employees have completed hours of volunteering and charitable work in the local community and our Plant is proud to support local initiatives.

The BMW Group has a long-established commitment to supporting education across the UK through BMW Education. The programmes are informative, engaging and accessible to everyone free of charge.

## Directors' report (continued)

### Streamlined Energy and Carbon Reporting (SECR)

The activity data for electricity and natural gas is taken from metered consumption as per supplier invoices. The company also reports on transport based emissions resulting from production transport, company cars, and employees' business mileage in private cars.

The total consumption (MWh) figures for energy supplies reportable by the company are as follows:

	2021 Consumption	2020 Consumption
Natural gas	20,505 MWh	16,449 MWh
Grid-supplied electricity	33,281 MWh	29,985 MWh
Transport: production, company cars	4.9 k litres petrol 12.3 k litres diesel 534.7 k litres LPG	2.1 k litres petrol 17.1 k litres diesel 479.4 k litres LPG
Transport: business travel in private cars	50.4 k miles	56.9 k miles

The total emission (t CO2e) figures for energy supplies reportable are as follows:

	2021 Emissions (tCO2e) Location basis	2021 Emissions (tCO2e) Market basis	2020 Emissions (tCO2e) Location basis	2020 Emissions (tCO2e) Market basis
Gaseous and other fuels (Scope 1)	3,755.7	3,755.7	3,351.4	3,351.4
Grid-supplied electricity (Scope 2)	7,066.6	-	6,990.6	-
Transportation (Scope 1 and 3)	887.9	887.9	798.6	798.6
<b>Total</b>	<b>11,710.2</b>	<b>4,643.6</b>	<b>11,140.6</b>	<b>4,150.0</b>

The company's CO2 emissions are calculated from the reported activity data using the '2021 Government greenhouse gas conversion factors for company reporting' and the 'Greenhouse Gas Protocol'.

For natural gas, the gross calorific value has been used to calculate the CO2 emissions. For electricity, in addition to the location basis approach using UK government conversion factors, a market basis approach with a zero-emission factor is added to reflect that all of the company's electricity is supplied from REGO certified renewable energy.

For transportation, the Government provided conversion factors are used. For claimed mileage, since the company has no way of knowing the specific car and/or type of fuel used, the 'average car' conversion factor is used.

The company's CO2 emissions intensity metric is shown below:

	2021 Intensity metric Location basis	2021 Intensity metric Market basis	2020 Intensity metric Location basis	2020 Intensity metric Market basis
t CO2e / units (parts) produced	0.0003	0.0001	0.0001	0.0001

## Directors' report (*continued*)

### Streamlined Energy and Carbon Reporting (SECR) (*continued*)

The company has made efforts to improve its operational energy efficiency and reduce carbon emissions in recent years, for example:

- Switching to a 'green tariff' electricity supply, the impact of which is demonstrated by the 'market basis' result above;

Measures undertaken and ongoing up until the year end are:

- Installation of LED lighting and installation of light sensors in plant rooms;
- Optimisation of the Building Management System (BMS) to increase the efficiency of energy used for lighting, power, ventilation, heating, air conditioning, hot water boilers.

### Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP ("PwC") will therefore continue in office.

On behalf of the board



A M D Schneider  
Director

Summit ONE, Summit Avenue, Farnborough,  
Hampshire, GU14 0FB, England

23 May 2022

## **Independent auditors' report to the members of Swindon Pressings Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Swindon Pressings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2021; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we

have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic report and the Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and the Directors' report.

#### **Responsibilities for the financial statements and the audit**

##### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### **Auditors' responsibilities for the audit of the financial statements**

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, employment laws and regulations and health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing meeting minutes with the Board and those charged with governance;
- Identifying and testing journal entries with unusual account combinations in relation to revenue and cash;
- Challenging assumptions and judgements made by management in their accounting estimates and judgements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Alex Smith (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
25 May 2022



**Statement of Comprehensive Income**  
*for the year ended 31 December 2021*

	<i>Note</i>	<b>2021 £000</b>	<b>2020 £000</b>
<b>Revenue</b>	<b>2</b>	<b>162,475</b>	<b>148,365</b>
Cost of Sales		<b>(142,390)</b>	<b>(134,860)</b>
<b>Gross Profit</b>		<b>20,085</b>	<b>13,505</b>
Other operating income	<b>3</b>	<b>896</b>	<b>3,374</b>
Administrative expenses		<b>(13,563)</b>	<b>(12,642)</b>
Other operating expenses	<b>4</b>	<b>(291)</b>	<b>(170)</b>
<b>Operating profit</b>		<b>7,127</b>	<b>4,067</b>
Interest receivable and similar income	<b>6</b>	<b>-</b>	<b>20</b>
Interest payable and similar expenses	<b>7</b>	<b>(15)</b>	<b>(3)</b>
<b>Profit before taxation</b>		<b>7,112</b>	<b>4,084</b>
Tax on profit	<b>9</b>	<b>(1,313)</b>	<b>(874)</b>
<b>Profit for the financial year, and total comprehensive income for the year</b>		<b>5,799</b>	<b>3,210</b>

The above results relate to continuing operations.

The 'Notes to the accounts' section of this annual report is an integral part of these financial statements.

Swindon Pressings Limited  
Annual report and financial statements  
For the year ended 31 December 2021

**Balance Sheet**  
*at 31 December 2021*

	Note	2021 £000	2020 £000
<b>Assets</b>			
<b>Non-current</b>			
Tangible assets	10	23,192	23,613
Deferred tax assets	11	472	561
		<u>23,664</u>	<u>24,174</u>
<b>Current assets</b>			
Inventories	12	8,399	6,989
Trade and other receivables	13	42,257	32,019
		<u>50,656</u>	<u>39,008</u>
<b>Total assets</b>		<u>74,320</u>	<u>63,182</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Called up share capital	16	1,500	1,500
Share premium account		37,700	37,700
Profit and loss account		5,808	3,209
		<u>45,008</u>	<u>42,409</u>
<b>Current liabilities</b>			
Trade and other payables	14	28,967	19,115
Income tax liability		121	897
Provisions for Liabilities	15	224	761
		<u>29,312</u>	<u>20,773</u>
<b>Total equity and liabilities</b>		<u>74,320</u>	<u>63,182</u>

The 'Notes to the accounts' section of this annual report is an integral part of these financial statements.

These financial statements were approved by the board of directors on 23 May 2022 and were signed on its behalf by:



A M D Schneider  
Director

Registered No. 3950873

**Statement of Changes in Equity**  
*for the year ended 31 December 2021*

	Called Up Share capital £000	Share premium £000	Retained earnings £000	Total £000
Balance at 1 January 2020	1,500	37,700	6,509	45,709
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	3,210	3,210
Total comprehensive income for the year	-	-	3,210	3,210
Transactions with owners recorded directly in equity:				
Dividends	-	-	(6,510)	(6,510)
Total contributions by and distributions to owners	-	-	(6,510)	(6,510)
<b>Balance at 31 December 2020</b>	<b>1,500</b>	<b>37,700</b>	<b>3,209</b>	<b>42,409</b>
Balance at 1 January 2021	1,500	37,700	3,209	45,409
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	5,799	5,799
Total comprehensive income for the year	-	-	5,799	5,799
Transactions with owners recorded directly in equity:				
Dividends	-	-	(3,200)	(3,200)
Total contributions by and distributions to owners	-	-	(3,200)	(3,200)
<b>Balance at 31 December 2021</b>	<b>1,500</b>	<b>37,700</b>	<b>5,808</b>	<b>45,008</b>

Details of share capital are disclosed in note 'Called up share capital'. Share premium represents the additional capital received over the nominal value of new shares subscribed. Retained earnings represent the total accumulated net gains and losses at the balance sheet date.

The 'Notes to the accounts' section of this annual report is an integral part of these financial statements.

## Notes to the accounts (forming part of the financial statements)

### 1 Accounting policies

Swindon Pressings Limited (the "company") is a private limited company and is incorporated, domiciled and registered in the UK. The registered number is 3950873 and the registered address is Summit ONE, Summit Avenue, Farnborough, Hampshire, GU14 0FB, England.

These financial statements were prepared in accordance with Companies Act 2006 as applicable to companies using 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 UK (UK-adopted international accounting standards), but makes amendments where necessary in order to comply with Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

The company's ultimate parent undertaking, Bayerische Motoren Werke Aktiengesellschaft (BMW AG) includes the company in its consolidated financial statements. The consolidated financial statements of BMW AG are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Petuelring 130, D-80809 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 and tangible assets;
- Disclosures in respect of transactions with wholly owned group subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of BMW AG include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosure.

### Statement of compliance

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

### Change in Accounting Policy

There were no changes in accounting policy in these financial statements.

### Accounting estimates and judgements

In preparing these financial statements, management has made estimates and judgements that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates, judgments, and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years prospectively.

The directors have considered the estimates and judgements made within the financial statements including depreciation, impairment, inventory valuation and tax and note that none have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Consequently, no critical estimates have been identified.

## Notes to the accounts (continued)

### 1 Accounting policies (continued)

#### Measurement convention

The financial statements are prepared on the historical cost basis. The financial statements are presented in pounds sterling.

#### Going concern

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the group can continue in operational existence for a period no shorter than 12 months from the date of approval of the financial statements.

The company meets its day-to-day working capital requirements through access to funds as part of the BMW AG group's cash pooling arrangement that is administered through BMW International Investment B.V., a BMW subsidiary company registered in the Netherlands, who manage the external banking relationships and act as an internal bank for BMW subsidiary deposits and loans. There were no funds deposited with BMW International Investment B.V. as at 31 December 2021 £nil (2020: £17.m), the funds were transferred to the current bank accounts during 2021, as at 31 December 2021 £25.3m (2020: £8.8m) which is presented within note 'Trade and other receivables'.

In light of the current external factors (such as COVID-19, the worldwide semiconductor shortages and war in Ukraine) robust scenarios have been reviewed and it has been concluded that the company will continue to be profitable and cash generative for the foreseeable future. The company has also received confirmation that the BMW Group has no intention to withdraw the facility in the foreseeable future, nor will it limit access to additional intercompany funding should it be required by the company.

After making enquiries, the directors have a reasonable expectation that the company has access to adequate financial and other resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of the financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.

#### Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

#### Tangible assets

All tangible assets are considered to have finite useful lives. They are stated at acquisition or manufacturing cost less systematic depreciation based on the estimated useful lives of the assets. Depreciation on tangible assets reflects the pattern of their usage and is generally computed using the straight-line method. Components of items of tangible assets with different useful lives are depreciated separately.

A tangible asset which is being constructed or developed is held within tangible assets at cost without depreciation, until construction or development is complete. Where parts of an item of tangible asset have different useful lives, they are accounted for as separate items of tangible asset.

Depreciation is charged to the profit and loss account on a straight line basis over the estimated useful lives of each part of a tangible asset. Land is not depreciated. The estimated useful lives are as follows:

Buildings	10 to 50 years
Plant and machinery	3 to 10 years

## Notes to the accounts (continued)

### 1 Accounting policies (continued)

#### *Impairment (excluding Inventories and deferred tax assets)*

##### *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. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Company applies IFRS 9 Financial Instruments and has assessed its financial assets with reference to BMW Groups instructions for the impairment of financial assets. Cash and cash equivalents are assessed using the external rating approach. The Group assesses, on a forward-looking basis, the expected credit losses associated with its trade and other receivables carried at amortised cost and applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

##### *Inventories*

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of other inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

##### *Research and development*

All research and development expenditure, including the design and production of prototypes, is borne by the company's ultimate holding company BMW AG.

##### *Trade and other debtors*

Trade and other debtors are stated at cost less impairment losses.

##### *Revenue*

Revenue from the sale of steel and aluminium pressings and sub-assembly components is recognised at the point in time when the control of ownership of the goods are transferred to the buyer, the sales price is agreed or determinable and receipt of payment can be reasonably expected. The directors consider this to have occurred when the goods are despatched. The despatch of each pressing is considered to be an individual performance obligation. Sales prices are determined by a price list which is agreed in advance at set points in the year. The pressings and components are produced to pre-determined quality standards so incidence of returns is minimal. In most circumstances payment terms are thirty days.

In addition to the principal revenue stream related to the sale of pressings and sub-assembly components, the company also recognises revenue arising from the sale of scrap metal generated during the production process. This revenue is recognised upon despatch to the third party. The total amount of revenue related to scrap sales in the year totalled £16.8m (2020: £9.8m) and these amounts are included within the revenue to external customers disclosed within note 2 of the financial statements.

##### *Other operating Income*

Other operating income includes property rental income and prior year income relating to releases of provisions.

## Notes to the accounts (continued)

### 1 Accounting policies (continued)

#### *Other operating expenses*

Other operating expenses includes regular bank charges, transaction fees and write-offs of goods receipts not invoiced (GRNI).

#### *Finance income and expenses*

Finance expenses comprise interest payable on borrowings and finance leases calculated using the effective interest rate method. Finance income comprises of interest receivable on funds invested and any gains and losses on hedging instruments that are recognised in the profit and loss account.

Interest income is recognised in the profit and loss account as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the profit and loss account using the effective interest rate method.

#### *Taxation*

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

Current tax is the expected tax payable on the taxable income 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.

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 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 asset can be utilised.

#### *Employee benefits*

Some of the company's employees are members of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is BMW (UK) Holdings Limited. The company recognises a cost equal to its contribution payable for the year. In the event that the sponsoring employer is unable to satisfy the liabilities under the group wide defined benefit pension plan, the Company, along with the other participating entities, is jointly and severally liable for any and all liabilities until it has been terminated.

The company is a participating employer in a defined contribution pension plan: the BMW (UK) Personal Pension Plan. Through this plan the company makes contributions on behalf of the employees, with no requirement for the employee(s) to make personal contributions. The company recognises a cost equal to its contribution payable for the year.

#### *Provisions*

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle an obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the time value of money and risks specific to the liability.

#### *Dividends*

Dividend expense is recognised when the obligation to make the payment is established. This is following a board meeting of the director's to declare the dividend.

## Notes to the accounts (continued)

### Government grants

Government grants are recognised when there is a reasonable assurance that the company complies with the conditions attaching to the grant, and that the grants will actually be received.

### 2 Revenue

Revenue from contracts with customers represents the value of steel and aluminium pressings and sub-assembly components excluding VAT and other sales taxes and is analysed as follows:

	2021 £000	2020 £000
External customers	29,464	24,626
Fellow group undertakings	133,011	123,739
	<u>162,475</u>	<u>148,365</u>

The company has a single class of business, being the sale of goods. All revenue originates in the UK, and goods are sold 83% to the UK and 17% to the EU. Revenue is recognised as a point in time, which is when goods are dispatched. Sales made to fellow group undertakings are made on an arm's length basis. See Revenue accounting policy within Note 1 for further details.

### 3 Other operating income

Included in the profit and loss account are the following:

	2021 £000	2020 £000
Other operating income	841	3,322
Rental income	42	52
Foreign exchange gains	13	-
	<u>896</u>	<u>3,374</u>

Included in other operating income for prior year 2020 are government grants consisting of UK Government support under the Furlough Scheme. There were no grants received in 2021.

### 4 Other operating expenses

Included in the profit and loss account are the following:

	2021 £000	2020 £000
Other operating expenses	291	167
Foreign exchange losses	-	3
	<u>291</u>	<u>170</u>



## Notes to the accounts (continued)

### 5 Expenses and auditors' remuneration

Included in the profit and account are the following amounts:

	2021 £000	2020 £000
Short term lease costs	2,135	492
Depreciation of plant, property and equipment (see note 'Tangible Assets')	421	1,112
Audit fees in connection with the audit of these financial statements	25	21
	<u>2,581</u>	<u>1,625</u>

### 6 Interest receivable and similar income

	2021 £000	2020 £000
Interest receivable from fellow group undertakings	-	20
	<u>-</u>	<u>20</u>

### 7 Interest payable and similar expenses

	2021 £000	2020 £000
Interest payable to fellow group undertakings	15	3
	<u>15</u>	<u>3</u>

### 8 Staff numbers and costs

The average number of persons employed by the company (including temporary agency staff) during the year was as follows:

	Number of employees	
	2021	2020
Manufacturing	604	632
Administration	14	15
	<u>618</u>	<u>647</u>

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	28,114	27,768
Social security costs	2,661	2,698
Pension, early retirement and redundancy costs	6,655	9,181
	<u>37,430</u>	<u>39,647</u>
Cost of temporary agency employees	<u>2,063</u>	<u>543</u>

## Notes to the accounts (continued)

### Directors' remuneration

The directors are remunerated by BMW (UK) Manufacturing Limited in respect of their services and no recharge is made to the company. The directors' emoluments as reported by BMW (UK) Manufacturing Limited are as follows:

	2021 £000	2020 £000
Aggregate emoluments	778	688
Aggregate emoluments of the highest paid director	376	390
Company pension contributions	42	40
Company pension contributions for the highest paid director	17	23

The number of directors accruing retirement benefits under the defined contribution scheme in 2021 was 3 (2020: 3).

### 9 Tax on profit

#### Analysis of charge in year

	2021 £000	2020 £000
UK corporation tax		
Current tax on profit for the year	1,224	725
Prior year adjustment	-	-
Total current tax	1,224	725
Deferred tax (see note 'Deferred tax assets')		
Origination and reversal of temporary differences	266	233
Effect of change in tax rates on deferred tax balances	(177)	(84)
Total deferred tax	89	149
Total tax charge	1,313	874

#### Factors affecting the tax charge for the current year

The tax charge for the year is lower (2020: Higher) than the standard rate of corporation tax in the UK (19%) (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
Tax reconciliation		
Profit before taxation	7,112	4,084
Current tax at 19% (2020: 19%)	1,351	776
Effects of:		
Reduction in future rate of corporation tax	-	-
Expenses not deductible for tax charges	75	182
Reduction in tax rates on deferred tax balances	(177)	(84)
Origination and reversal of temporary differences	64	-
Prior Year adjustments	-	-
Total tax charge (see above)	1,313	874

## Notes to the accounts (continued)

### Change in tax rates

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. On 17 March 2020, a cancellation of this reduction was enacted, resulting in the UK corporation tax rate remaining at 19% from 1 April 2020. An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. The effect of this is that profits arising in 2021 are taxable at a rate of 19% (2020: 19%).

The deferred tax asset as at 31 December 2021 has been calculated based on the rate of 25% substantively enacted at the Balance Sheet date.

### 10 Tangible Assets

	Land and buildings	Plant and machinery	Total
	£000	£000	£000
<b>Cost</b>			
At beginning of year	84,206	130,058	214,264
Disposals	-	-	-
At end of year	<u>84,206</u>	<u>130,058</u>	<u>214,264</u>
<b>Accumulated Depreciation</b>			
At beginning of year	60,593	130,058	190,651
Charge for year	421	-	421
Disposals	-	-	-
At end of year	<u>61,014</u>	<u>130,058</u>	<u>191,072</u>
<b>Net book value</b>			
At 31 December 2021	<u>23,192</u>	<u>-</u>	<u>23,192</u>
At 31 December 2020	<u>23,613</u>	<u>-</u>	<u>23,613</u>

The value of land included in land and buildings is £18.1m, land is not depreciated. There were £nil (2020: £nil) outstanding capital commitments at the end of the financial year.

### 11 Deferred tax assets

There are no deferred tax liabilities.

Deferred tax assets are attributable to the following:

	2021 £000	2020 £000
Tangible assets	416	416
Other timing differences	56	145
Tax assets	<u>472</u>	<u>561</u>

## Notes to the accounts (continued)

### 11 Deferred tax assets (continued)

#### Movement in temporary differences during the year

	Tangible Assets £000	Other timing differences £000	Total £000
At 1 January 2020	460	250	710
Recognised in income	(44)	(105)	(149)
At 31 December 2020	416	145	561
At 1 January 2021	416	145	561
Recognised in income		(89)	(89)
At 31 December 2021	416	56	472

### 12 Inventories

	2021 £000	2020 £000
Raw material	1,054	613
Work In Progress	3,583	2,770
Finished goods	3,762	3,606
	<u>8,399</u>	<u>6,989</u>

Included in above are provisions for excess and obsolescence against inventories of £2.7m (2020: £1.8m)

Inventories recognised as an expense during the year totalled £108.1m (2020: £111.0m)

### 13 Trade and other receivables

	2021 £000	2020 £000
Trade debtors	4,763	1,479
Amounts owed by group undertakings	34,356	28,149
Receivables from employees	404	346
Other taxation	2,622	1,930
Prepayments	112	115
	<u>42,257</u>	<u>32,019</u>

#### Exposure to credit risk

The trade receivables from related parties are mainly concentrated in the UK. Due to the nature of trading, past due receivables are not expected to occur and so management have assessed that the allowance for impairment is immaterial.

## Notes to the accounts (continued)

### 13 Trade and other receivables (continued)

#### Amounts owed by group undertakings:

Trade receivables owed by group undertakings are unsecured, non-interest bearing, and subject to varying intercompany payment terms.

#### Interest bearing loan with related party:

As at 31 December 2021 there is no short term interest bearing loan with BMW International Investment B.V. £nil (2020: £17.5m), the funds on deposit were transferred to the current bank accounts £25.3m (2020: £8.8m) which are interest bearing.

### 14 Trade and other payables

	2021 £000	2020 £000
Trade creditors	12,118	6,781
Amounts owed to group undertakings	8,519	5,874
Other creditors	5,709	4,939
Accruals and deferred income	2,621	1,521
	<u>28,967</u>	<u>19,115</u>

#### Amounts owed by group undertakings:

Amounts owed to group undertakings are unsecured, non-interest bearing, and subject to varying intercompany payment terms.

### 15 Provisions for liabilities

	2021 £000	2020 £000
<i>Contaminated land</i>		
At beginning of year	761	1,471
Amounts used	(537)	(710)
Additional amounts provided	-	-
Releases	-	-
	<u>224</u>	<u>761</u>
At end of year		

Due to the redevelopment of the Swindon site it has been necessary to dispose of various toxic contaminated subsoils and materials. Legislation requires that such contamination has to be disposed of in a strictly controlled manner. The provision for this was created in 2012 and a programme of work has subsequently taken place. The remainder of the provision is expected to be fully utilised during 2022.

## Notes to the accounts (continued)

### 16 Called up share capital

	2021 £000	2020 £000
<i>Allotted, called up and fully paid:</i>		
1,500,002 ordinary shares of £1 each (2020: 1,500,002)	1,500	1,500

The holders of ordinary shares are entitled to receive dividends as declared from time to time and entitled to one vote per share at meetings of the company.

### 17 Pensions

#### *Defined benefit pension scheme*

The company was a participating employer in the BMW (UK) Operations Pension Scheme. The defined benefit scheme was closed on 30th September 2017. The scheme was closed to future accrual of benefits with effect from 1 October 2017 and all active members were transferred to deferred status. No regular employer and employee contributions are due after September 2017. Particulars of the BMW (UK) Operations Pension Scheme are disclosed in the financial statements of BMW (UK) Holdings Limited, which is available from Summit ONE, Summit Avenue, Farnborough, Hampshire, GU14 0FB, England.

There is no contractual agreement or stated BMW Group policy for charging the net defined benefit cost of the scheme to participating entities, therefore the net defined benefit cost of the pension scheme is recognised fully by the principal employer, BMW (UK) Holdings Limited. The company recognises a cost equal to its contribution payable for the year. The normal monthly contributions relating to this scheme in the current year was £nil (2020: £nil) and there were no contributions outstanding at the year-end (2020: £nil). Normal contributions of £1.8m (2020: £1.6m) were paid to the scheme in respect of the cost of early retirements and bridging pensions.

#### *Defined contribution plan*

The company is a participating employer in a defined contribution pension plan: the BMW (UK) Personal Pension Plan. Through this plan the company makes contributions on behalf of the employees, with no requirement for the employee(s) to make personal contributions. Employees who joined the company after, or were not members of any pension scheme on 1 August 2013, are auto enrolled into this plan. All employees who were members of the defined benefit scheme were auto enrolled into the defined contribution plan: the BMW (UK) Personal Pension Plan on 1st October 2017. The company recognises a cost equal to its contribution payable for the year. The total expense relating to this plan in the current year was £3.9m (2020: £4.2m) and there were no contributions outstanding at the year-end (2020: £nil outstanding).

### 18 Ultimate parent company and parent company of larger group

The Company is a wholly owned subsidiary of BMW (UK) Holdings Limited, which is incorporated in England.

The ultimate parent company and controlling party is Bayerische Motoren Werke Aktiengesellschaft, which is incorporated in Germany.

The only group in which the results of the Company are consolidated is that headed by Bayerische Motoren Werke Aktiengesellschaft. The consolidated financial statements of the group are available to the public and may be obtained from Petuelring 130, D-80788 Munich, Germany.