

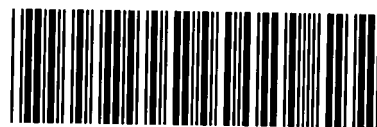
# **BMW (UK) Manufacturing Limited**

## **Annual report and financial statements**

Registered number 3950868

31 December 2017

THURSDAY



\*A7BØLDYG\*

A18

26/07/2018

#270

COMPANIES HOUSE

## Contents

Strategic report	1
Directors' report	4
Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements	5
Independent auditor's report to the members of BMW (UK) Manufacturing Limited	6
Statement of Profit and Loss Account and Other Comprehensive Income	8
Balance Sheet	9
Statement of changes in Equity	10
Notes	11

## Strategic report

### Principal activities

The Company is engaged in the manufacture of motor vehicles.

### Business review

The Company is a production site within the BMW Group production network manufacturing MINI brand vehicles. The Company currently has three MINI derivatives in production – MINI 3 Door Hatch, MINI 5 Door Hatch & MINI Clubman.

### Company strategic objectives

The main corporate objectives are:

- to manufacture MINI brand vehicles 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

### Strategy

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

Production volume is one of the key performance indicators of the Company. All units are sold to BMW AG.

	2017	2016	2015	2014	2013
Production volume (units)	223,817	210,971	201,207	179,317	175,986

Manufactured volume increased over the course of the year, 6.1% higher than in the previous year, due to continuing positive sales momentum of the third generation of MINI vehicles.

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 MINI dealer network and other sources within the automotive segment are used to maintain the focus on quality of production.

Production costs as represented by labour and overheads within cost of sales are targeted to achieve annual efficiency gains through improved process efficiency and productivity.

The trends in the key performance indicators developed as planned.

## Strategic report *(continued)*

### Risk and uncertainties

The Company participates in a comprehensive risk management system utilised by 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 operations of the Company.

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

#### *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 metal are closely monitored by 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. Further developments in this area are conducted on 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. Delivery delays, cancellations, strikes or poor quality can lead to production stoppages and 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 could 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 on-going 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.

The 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 to make provision for their future.

## **Strategic report** *(continued)*

### **Risk and uncertainties** *(continued)*

#### *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 in line with legal requirements and 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.

#### *Financial*

Revenue increased by 6.3% due mainly to an increase in production volume. Gross profit expressed as a percentage of sales decreased from 5.8% in 2016 to 4.2% in 2017.

The profit for the year is shown on page 8.

### **Research and development**

All research and development expenditure relating to the new MINI, including all design and production of prototypes, is borne by the Company's ultimate holding company BMW AG.

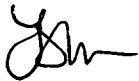
### **Brexit**

The result of the EU referendum creates uncertainty for the automotive and financial services sectors in general and for overseas investors in particular. This uncertainty increases the challenge in making long-term business decisions. However, until it becomes clear what the result of the Brexit negotiations between the UK and the EU will be, the BMW Group continues to operate "business as usual" at all of its business operations in the UK while preparing for the outcome of the Brexit negotiations..

### **Outlook in 2018**

A clear focus on premium vehicles and premium services for individual mobility remains the core of our business model. We will continue to refine this approach. We do so in light of changing customer demands, stringent regulations and the demands placed on automobile manufacturers by different industrial policies in different countries and we continue to sustain a clear focus on process stability and on-going productivity improvements whilst supporting a positive sales momentum. A further derivative launch is planned in Plant Oxford for 2019, this being the first full series production of a MINI BEV (Battery Electric Vehicle). Investments are ongoing for this future derivative during 2018 and also planned expenditure for optimisation of existing facilities will continue.

By order of the board



**J P Stoyale**  
*Director*

Summit ONE, Summit Avenue, Farnborough,  
Hampshire, GU14 OFB, England

10<sup>th</sup> July, 2018

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2017.

### Directors

The directors who held office during the year or subsequently were as follows:

F J Bachmann  
J P Stoye

### Proposed dividend

Dividends were paid in 2017 (2016: £142,000,003). A dividend of £165,600,000 was paid to BMW (UK) Holdings Limited (sole shareholder of BMW (UK) Manufacturing Ltd) on 10 April 2017. A reconciliation of the movements in shareholders' funds is given in the statement of changes in equity. Subsequent to the year end a dividend of £127,340,000 was paid to BMW (UK) Holdings Limited (sole shareholder of BMW (UK) Manufacturing Ltd) on 25 April 2018.

### Employees

All employees are regularly informed of the company's sales performance and other topics of general interest. Employees are encouraged to formulate ideas that will improve the efficiency of the company.

Applications for employment from disabled people are studied with care, and every effort is made to find them appropriate work with training where it is required. Employees who become disabled during their working life will be retained 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.

### Political and charitable contributions

The Company made no political contributions during the year (2016: £nil).

Donations to UK charities amounted to £11,500 (2016: £8,500).


### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, in so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

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

By order of the board



J P Stoye  
Director

Summit ONE, Summit Avenue, Farnborough, Hampshire,  
GU14 OFB, England

10<sup>th</sup> July, 2018

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

The directors are responsible for preparing the Strategic Report, 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 judgements 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are 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, and 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 (UK) Manufacturing Limited**

## **Opinion**

We have audited the financial statements of BMW (UK) Manufacturing Limited ("the company") for the year ended 31 December 2017 which comprise the Statement of Profit and loss account and Other Comprehensive Income, Balance Sheet, Statement of changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

## **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports that report and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; 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**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

## **Directors' responsibilities**

As explained more fully in their 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; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Matthew Buckingham (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
One Snowhill  
Snowhill Queensway  
Birmingham  
B4 6GH

10 July 2018

**Statement of Profit and Loss Account and Other Comprehensive Income**  
*for year ended 31 December 2017*

	Note	2017 £000	2016 £000
<b>Turnover</b>	1, 2	<b>2,902,692</b>	2,731,538
Cost of sales		<b>(2,780,600)</b>	(2,572,555)
<b>Gross profit</b>		<b>122,092</b>	158,983
Other operating income	3	<b>44,917</b>	22,745
Administrative expenses		<b>(40,930)</b>	(36,026)
Other operating expenses	4	<b>(17,736)</b>	(33,452)
<b>Operating profit</b>		<b>108,343</b>	112,250
Interest receivable and similar income	8	<b>465</b>	142
Interest payable and similar charges	9	<b>(962)</b>	(1,626)
<b>Profit before taxation</b>		<b>107,846</b>	110,766
Tax on profit	10	<b>(1,252)</b>	(44,717)
<b>Profit for the financial year, being total comprehensive income for the year</b>		<b>106,594</b>	66,049

The above results relate to continuing operations.

The notes on pages 11 to 28 are an integral part of these financial statements.

The company has no other comprehensive income other than the result above and as such no separate other comprehensive income statement has been provided.

**Balance Sheet**  
*at 31 December 2017*

	Note	2017 £000	2016 £000
<b>Fixed Assets</b>			
Intangible assets	11	2,653	2,934
Tangible fixed assets	12	633,808	731,694
		<u>636,461</u>	<u>734,628</u>
<b>Current assets</b>			
Stocks	14	34,497	28,526
Debtors	15	243,351	225,352
Cash and cash equivalents		5	5
		<u>277,853</u>	<u>253,883</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(382,659)</u>	<u>(397,850)</u>
<b>Net current (liabilities)</b>		<u>(104,806)</u>	<u>(143,967)</u>
<b>Total assets less current liabilities</b>		<u>531,655</u>	<u>590,661</u>
<b>Net assets</b>		<u>531,655</u>	<u>590,661</u>
<b>Capital and Reserves</b>			
Called up Share capital	17	40,000	40,000
Share premium		360,000	360,000
Profit and loss account		131,655	190,661
<b>Shareholders' Funds</b>		<u>531,655</u>	<u>590,661</u>

The notes on pages 11 to 28 are an integral part of these financial statements.

These financial statements were approved by the board of directors on 10<sup>th</sup> July, 2018 and were signed on its behalf by:



**J P Stoyale**  
*Director*

Registered No. 3950868

## Statement of changes in Equity

	Called up Share capital £000	Share premium £000	Profit and loss account £000	Total £000
Balance at 1 January 2016	40,000	360,000	266,612	666,612
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	66,049	66,049
Total comprehensive income for the year	-	-	66,049	66,049
Transaction with owners recorded directly in equity: Dividends	-	-	(142,000)	(142,000)
Total contributions by and distributions to owners	-	-	(142,000)	(142,000)
<b>Balance at 31 December 2016</b>	<b>40,000</b>	<b>360,000</b>	<b>190,661</b>	<b>590,661</b>
Balance at 1 January 2017	40,000	360,000	190,661	590,661
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	106,594	106,594
Total comprehensive income for the year	-	-	106,594	106,594
Transaction with owners recorded directly in equity: Dividends	-	-	(165,600)	(165,600)
Total contributions by and distributions to owners	-	-	(165,600)	(165,600)
<b>Balance at 31 December 2017</b>	<b>40,000</b>	<b>360,000</b>	<b>131,655</b>	<b>531,655</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

BMW (UK) Manufacturing Limited (the “Company”) is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with 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 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 (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, tangible fixed assets and intangible assets;
- 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; Disclosures of transactions with a management entity that provides key management personnel services to the entity.

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 IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosure.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

#### ***Measurement convention***

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, pension scheme assets and financial instruments. The financial statements are presented in pounds sterling.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Going concern*

The company has significant net assets, it is historically profitable and its order pipeline is healthy. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual 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 fixed assets*

All tangible fixed 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 fixed assets reflects the pattern of their usage and is generally computed using the straight-line method. Components of items of tangible fixed assets with different useful lives are depreciated separately.

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

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

Factory and office buildings and distribution facilities	10 to 50 years
Plant and machinery	5 to 10 years
Special tool, dies and jigs	3 to 10 years

#### *Leases*

Non-current assets also include assets relating to leases. IAS 17 (Leases) contains rules for determining, on the basis of risks and rewards, the economic owner of the assets. In the case of finance leases the assets are attributed to the lessee and in the case of operating leases the assets are attributed to the lessor. In accordance with IAS 17, assets leased under finance leases are measured at their fair value at the inception of the lease or at the present value of the lease payments, if lower. The assets are depreciated using the straight-line method over their estimated useful lives or over the lease period, if shorter. The obligations for future lease instalments are recognised as other financial liabilities. Payments made under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Intangible assets*

Intangible assets acquired by the company are stated at cost less accumulated amortisation and impairment losses.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Emission rights*

Allowances granted by the Government are initially booked at fair value as intangible assets and where allowances are received for less than their fair value, the difference is booked as deferred income and subsequently recognised as income over the period for which the allowances were allocated. As emissions are made, a liability is recognised for the obligation to deliver allowances equal to emissions. The liability is measured at the best estimate of the expenditure required to settle the obligation and the Directors consider this to be the book value of the available allowances. If additional allowances are required to satisfy the obligation, the provision will be increased by the fair value of the additional allowances.

#### *Impairment (excluding stocks 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.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than (stocks and deferred tax assets), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

##### *Calculation of recoverable amount*

The recoverable amount of the Company's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

##### *Reversals of impairment*

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

#### *Stocks*

Stocks 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 stocks 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 stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### ***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 receivables are stated at cost less impairment losses.

#### ***Turnover***

Turnover from the sale of vehicles are recognised at the point when the risks and rewards 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.

#### ***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 and interest payable***

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. 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 then recognises a cost equal to its contribution payable for the period.

#### ***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 risks specific to the liability.



## Notes (continued)

### 1 Turnover

Turnover represents the value of vehicles and options, excluding VAT sold to another group company. All turnover originates in the UK and is destined for the European Union.

### 3 Other operating income

Included in the profit and loss account are the following:

	2017 £000	2016 £000
Income from disposals of tangible assets	1,565	448
Rental and leasing income	33	45
Income from non-operating activities	7,188	2,057
Foreign exchange gains	6,959	14,325
Other operating income	29,172	5,870
	<u>44,917</u>	<u>22,745</u>

### 4 Other operating expenses

Included in the profit and loss account are the following:

	2017 £000	2016 £000
Loss on disposal of tangible assets	60	1,499
Foreign exchange losses	10,769	27,482
Bridging pensions	-	-
Early retirement	1,883	1,333
Other operating expenses	3,982	1,574
Impairment against trade debtors	1,042	1,564
	<u>17,736</u>	<u>33,452</u>

### 5 Expenses and auditors' remuneration

Included in the profit and loss account are the following amounts:

	2017 £000	2016 £000
Operating lease costs	1,633	3,528
Audit fees in connection with the audit of these financial statements	75	75
Redundancy and early retirement costs	1,883	1,333
Depreciation	136,188	142,583
Amortisation	664	603
	<u></u>	<u></u>

## Notes (continued)

### 6 Staff numbers and costs

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

	Number of employees	
	2017	2016 (Restated)
Manufacturing	3,152	3,226
Administration	1,246	1,295
	<u>4,398</u>	<u>4,521</u>

The aggregate payroll costs of these persons (excluding temporary employees) were as follows:

	£000	£000
Wages and salaries	137,239	133,003
Social security costs	13,005	12,152
Pension recharges	63,183	32,742
	<u>213,427</u>	<u>177,897</u>
Costs of temporary employees (not included within total aggregate costs)	<u>48,447</u>	<u>46,576</u>

### 7 Directors' emoluments

	2017 £000	2016 £000
Aggregate emoluments	<u>801</u>	<u>601</u>
The aggregate emoluments of the highest paid director were	<u>617</u>	<u>428</u>

### 8 Interest receivable and similar income

	2017 £000	2016 £000
Interest receivable from related parties	<u>465</u>	<u>142</u>

## Notes (continued)

### 9 Interest payable and similar charges

	2017 £000	2016 £000
Interest payable to related parties	962	1,626

### 10 Tax on profit on ordinary activities

#### Recognised in the profit and loss account

	2017 £000	2016 £000
<i>UK Corporation tax</i>		
Current tax on income for the period	30,967	25,043
Prior year adjustment	(22,149)	21,643
Total current tax charge	8,818	46,686
<i>Deferred tax expense</i>		
Origination and reversal of timing differences	(7,534)	(997)
Adjustment for prior years	(32)	(972)
Total deferred tax (credit) / expense	(7,566)	(1,969)
Tax on profit on ordinary activities	1,252	44,717

#### Reconciliation of tax charge to the standard rate of corporation tax in the UK

	2017 £000	2016 £000
Profit before tax	107,846	110,766
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	20,760	22,153
Effects of:		
Non-deductible expenses	1,676	1,925
Adjustment in respect of prior years	(22,181)	20,671
Adjustment in respect of tax rate	997	(32)
Total tax charge in profit and loss account	1,252	44,717

#### Factors affecting future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

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

The deferred tax liability at 31 December 2017 has been calculated based on these rates.

**Notes** *(continued)*

**11 Intangible assets**

	<b>Licences, patents and trademarks £000</b>
<b>Cost</b>	
At beginning of year	5,399
Additions	384
Disposals	-
	<hr/>
<b>At end of year</b>	<b>5,783</b>
	<hr/>
<b>Amortisation and impairment</b>	
At beginning of year	(2,465)
Charge for the year	664
Disposals	-
	<hr/>
<b>At end of year</b>	<b>3,130</b>
	<hr/>
<b>Net book value</b>	
<b>At 31 December 2017</b>	<b>2,653</b>
	<hr/>
At 31 December 2016	2,934
	<hr/>

## Notes (continued)

### 12 Tangible fixed assets

	Land and buildings		Plant and machinery		Special tool dies and jigs		Total
	Owned	Leased	Owned	Leased	Owned	Leased	
	£000	£000	£000	£000	£000	£000	£000
<b>Cost</b>							
At beginning of year	320,396	5,435	670,223	37,844	667,881	102,426	1,804,205
Additions	5,529	-	16,010	-	16,813	-	38,352
Disposals	(2,745)	-	(2,763)	-	(59,576)	(54,982)	(120,066)
Transfers	-	-	-	-	121	(121)	-
<b>At end of year</b>	<b>323,180</b>	<b>5,435</b>	<b>683,470</b>	<b>37,844</b>	<b>625,239</b>	<b>47,323</b>	<b>1,722,491</b>
<b>Depreciation and impairment</b>							
At beginning of year	(174,101)	(5,361)	(407,512)	(37,844)	(345,267)	(102,426)	(1,072,511)
Charge for the year	(10,745)	(10)	(67,794)	-	(57,639)	-	(136,188)
Disposals	2,719	-	2,741	-	59,574	54,982	120,016
Transfers	-	-	-	-	(121)	121	-
<b>At end of year</b>	<b>(182,127)</b>	<b>(5,371)</b>	<b>(472,565)</b>	<b>(37,844)</b>	<b>(343,453)</b>	<b>(47,323)</b>	<b>(1,088,683)</b>
<b>Net book value</b>							
At 31 December 2017	141,053	64	210,905	-	281,786	-	633,808
At 31 December 2016	146,295	74	262,711	-	322,614	-	731,694

Included in additions and brought forward balances is £25,702,945 (2016: £10,796,719) relating to assets in the course of construction.

### 13 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2017	2016	2017	2016
	£000	£000	£000	£000
Tangible fixed assets	1,307	-	-	(1,208)
Other timing differences	5,051	-	-	-
<b>Tax assets / (liabilities)</b>	<b>6,358</b>	<b>-</b>	<b>-</b>	<b>(1,208)</b>

Movement in temporary differences during the year:

	2017	2016
	£000	£000
Balance at the beginning of the year	(1,208)	(3,177)
Recognised in income statement	7,566	1,969
<b>Balance at end of the year</b>	<b>6,358</b>	<b>(1,208)</b>

## Notes (continued)

### 14 Stocks

	2017 £000	2016 £000
Raw materials and consumables	22,137	18,721
Work in progress	12,360	9,805
	<u>34,497</u>	<u>28,526</u>

Included in above are provisions for excess and obsolescence against stocks of £200,000 (2016: £200,000)

### 15 Debtors

	2017 £000	2016 £000
Trade debtors	2,227	4,172
Amounts due from group undertakings	231,118	199,821
Deferred tax assets (see note 13)	6,358	-
Other financial assets	-	-
Prepayments	3,648	2,175
Tax Receivable	-	19,184
	<u>243,351</u>	<u>225,352</u>

Amounts due to group undertakings is repayable on demand.

#### Credit risk

##### Exposure to credit risk

The trade receivables from related parties are concentrated in Germany with the ultimate parent company. Due to the nature of trading, past due receivables do not occur and there is £nil allowance for impairment (2016: £nil).

The company's most significant customer is its ultimate parent company, an international automotive business, which accounts for £179,784,839 of the trade receivables carrying amount at 31 December 2017 (2016: £195,040,363).

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

	2017 £000	2016 £000
Trade creditors	232,593	232,617
Amounts due to group undertakings	30,528	97,903
Non-trade payables	13,842	16,487
Accrued expenses	40,415	10,756
Tax payable	65,281	38,879
Deferred tax (see note 13)	-	1,208
	<u>382,659</u>	<u>397,850</u>

Amounts due to group undertakings is repayable on demand.

**Notes (continued)**

**17 Called up Share capital**

	2017 £000	2016 £000
Allotted, called up and fully paid		
40,000,001 Ordinary shares of £1 each at 31 December	40,000	40,000
	<u>40,000</u>	<u>40,000</u>

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

No shares were issued for consideration during the year.

**18 Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	2017 £000	2016 £000
Less than one year	1,610	1,595
Between two and five years	2,376	1,607
More than 5 years	9,063	-
	<u>13,049</u>	<u>3,202</u>

The company leases equipment under operating leases which typically run for five years. Lease rentals are typically increased every five years to reflect market rentals. None of the leases include contingent rentals.

During the year ended 31 December 2017 £1,633,342 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £3,528,155).

**19 Capital commitments**

During the year ended 31 December 2017, the Company entered into contracts to purchase property, plant and equipment for £36,321,000 (2016: £20,990,000). These commitments are expected to be settled in the following financial year.

## *Notes (continued)*

### **20 Pensions**

The Company participates in pension schemes operated by BMW Group. These are defined benefit schemes the assets of which are held in separate trustee administered funds. The major pension arrangement is the BMW (UK) Operations Pension Scheme of which, the latest actuarial valuation was carried out by independent qualified actuaries using the projected unit method as at 31 December 2014.

BMW (UK) Holdings Limited is the principal employer for various United Kingdom pension arrangements for past and present employees of certain present and former subsidiaries. These are defined benefit schemes, the assets of which are held in legally separate trust funds administered by the respective Trustees. The major pension arrangements are the BMW (UK) Operations Pension Scheme (the "Main Scheme") and the BMW (UK) Operations Supplementary Pension Scheme (the "Supplementary Scheme") for which the latest actuarial valuations were carried out by independent, qualified actuaries using the projected unit method as at **31 December 2014**.

BMW (UK) Manufacturing Limited has accounted for the Scheme on the basis of contributions payable in the year. The normal monthly contributions payable for the year due to the pension arrangements were £41.5m (2016: £38.8m) and there were no contributions outstanding at the year end. Normal contributions of £0.3m (2015: Nil) were also paid to the Scheme in respect of the cost of early retirements and bridging pensions. The 2018 contribution is expected to be NIL.

Both Schemes are final salary pension plans which provide benefits to members primarily in the form of a guaranteed level of pension payable for life. Surviving dependents' pensions and certain death benefits are also provided. The level of benefits earned is determined by reference to a member's length of service and their salary in the final years leading up to retirement. Once in payment, pensions are generally updated in line with the Retail Prices Index.

The BMW (UK) Operations Pension Scheme has been funded by contributions received from BMW (UK) Holdings Limited, its subsidiaries and those of their employees who are members of the Scheme. Contributions are determined by a separate actuarial valuation based on the funding policies detailed in the Scheme documents.

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.

The BMW (UK) Operations Supplementary Pension Scheme is wholly funded by BMW (UK) Holdings Limited. Contributions are determined by a separate actuarial valuation based on the funding policies detailed in the Scheme documents. There are no employee contributions.

BMW (UK) Trustees Limited acted as Trustee of the BMW (UK) Operations Pension Scheme for the year ended 31 December 2017. The full Board of the Trustee Company is made up of a maximum of 12 Directors nominated in equal numbers by the Principal Employer and the membership.

BMW (UK) Supplementary Trustees Limited acted as Trustee of the BMW (UK) Operations Supplementary Pension Scheme throughout the year ended 31 December 2017. The Board of the Trustee Company is made up of three Directors, two of whom are nominated by the Principal Employer and one nominated by the membership.

The Trustee companies are legally independent companies which are not part of the BMW Group.

The principal functions of the Trustees are:

- to administer the Scheme in accordance with the Trust Deed and Rules, and
- to invest the Scheme's assets with an appropriate degree of security to provide income and capital appreciation such that the Scheme is able to meet pension and other benefit liabilities, both now and in the future.

Both Schemes expose the Company to a number of actuarial risks, including:

*Investment risk:* the risk of the actual return from assets differing to that assumed for actuarial and funding purposes.

*Interest rate and inflation risk:* decreases/increases in the financial assumptions used will increase/decrease the defined benefit obligation. Some of the pension obligations are linked to inflation. Higher inflation will lead to higher liabilities although, in most cases, there are caps in place on the level of inflationary increases to protect the Schemes against extreme inflation.

*Longevity risk:* the majority of the scheme obligations are to provide benefits for the life of the member. Increases in life expectancy will result in an increase in the scheme liabilities.

*Salary risk:* increases in future salaries increase the gross defined benefit obligation.



## **Notes** *(continued)*

### **20 Pensions**

The Trustees reduce exposure to these risks by careful structuring of their funding and investment management arrangements including asset liability matching and through their contracts with the Schemes' investment managers. The Trustees also closely monitor these risks and receive formal quarterly reports on funding, risk, investment managers (including performance) and diversification.

The Company together with the other participating BMW companies expects to contribute approximately £42.5m in contributions to its defined benefit schemes in 2018.

Employees not participating in a defined benefit scheme are eligible to join a group personal pension plan (defined contribution scheme) offered by BMW in the UK.

## Notes (continued)

### 20 Pensions (continued)

The following information is presented for the Schemes as a whole and has been updated to 31 December 2017 in accordance with IAS 19R.

#### Recognised liability for defined benefit obligations

	2017 £000	2016 £000
Defined benefit obligation	(8,183,512)	(8,408,063)
Fair Value of plan assets	7,561,059	7,117,698
	<hr/>	<hr/>
Total employee benefits	(622,453)	(1,290,365)
	<hr/>	<hr/>

#### Reconciliation of defined benefit obligation and fair value of scheme assets

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January</b>	<b>8,408,063</b>	6,580,481	<b>(7,117,698)</b>	(5,750,965)	<b>1,290,365</b>	829,516
Current service cost	71,020	61,423	-	-	71,020	61,423
Past service cost	594	132	-	-	594	132
Interest cost/(income)	202,710	231,290	(178,505)	(208,617)	24,205	22,673
Settlement gain	(158,393)	-	-	-	(158,393)	-
Administrative expenses	-	-	5,111	5,810	5,111	5,810
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Included in profit or loss</b>	<b>115,931</b>	292,845	<b>(173,394)</b>	(202,807)	<b>(57,463)</b>	90,038
Remeasurements loss/(gain):						
Actuarial loss (gain) arising from:						
Changes in demographic assumptions	(79,946)	-	-	-	(79,946)	-
Changes in financial assumptions	115,321	1,826,974	-	-	115,321	1,826,974
Experience adjustment	(99,613)	(70,360)	-	-	(99,613)	(70,360)
Return on plan assets (excluding interest income)	-	-	(316,897)	(1,148,687)	(316,897)	(1,148,687)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Included in other comprehensive income</b>	<b>(64,238)</b>	1,756,614	<b>(316,897)</b>	(1,148,687)	<b>(381,135)</b>	607,927

## Notes (continued)

### 20 Pensions (continued)

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000
Employer contributions	-	-	(229,314)	(237,116)	(229,314)	(237,116)
Employees contributions	14,277	18,791	(14,277)	(18,791)	-	-
Benefits paid	(290,521)	(240,668)	290,521	240,668	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Other movements	(276,244)	(221,877)	46,930	(15,239)	(229,314)	(237,116)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Balance at 31 December	8,183,512	8,408,063	(7,561,059)	(7,117,698)	622,453	1,290,365
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Represented by:					2017	2016
					£'000	£'000
BMW (UK) Operations Pension Scheme					621,514	1,283,535
BMW (UK) Operations Supplementary Pension Scheme					939	6,830
					<u>          </u>	<u>          </u>
					622,453	1,290,365
					<u>          </u>	<u>          </u>

## Notes (continued)

### 20 Pensions (continued)

#### Plan assets

	2017 £'000	2016 £'000
Equity instruments		
- quoted	407,133	490,167
- unquoted	-	-
	<hr/>	<hr/>
	407,133	490,167
Debt instruments		
- quoted	5,395,063	4,960,979
- unquoted	30,804	196,423
	<hr/>	<hr/>
	5,425,867	5,157,402
Property (unquoted)	587,243	595,311
Cash and cash equivalents		
- quoted	121,282	11,729
- unquoted	8,990	7,108
	<hr/>	<hr/>
	130,272	18,837
Absolute return funds		
- quoted	10,991	10,739
- unquoted	547,664	636,501
	<hr/>	<hr/>
	558,655	647,240
Mixed income funds		
- quoted	358,096	152,965
	<hr/>	<hr/>
Other investment funds		
- quoted	-	-
- unquoted	93,793	55,776
	<hr/>	<hr/>
	93,793	55,776
	<hr/>	<hr/>
	7,561,059	7,117,698
	<hr/> <hr/>	<hr/> <hr/>

Asset liability matching studies are routinely undertaken on a triennial basis by both the aforementioned Schemes in order to support analysis of the risks and returns from plan assets against strategic investment objectives.

Key aspects of the BMW (UK) Operations Pension Scheme's current investment strategy include:

- strategic asset mix benchmark consisting of 77% of risk reducing assets (government and high quality corporate bonds) and 23% of risk reducing assets (mainly invested in equities, property and alternative assets (predominantly hedge funds, infrastructure and venture capital)). The allocation to risk reducing assets will be increased as the Scheme's funding level increases in line with an agreed de-risking strategy.
- management of interest rate risk and inflation risk through the use of government and high quality bonds and derivatives (interest rate and inflation swaps).
- management of currency risk through the use of forward foreign currency contracts

These policies are consistent with those in the prior year.

## Notes (continued)

### 20 Pensions (continued)

*Principal actuarial assumptions (expressed as weighted averages):*

The principal actuarial assumptions used in determining the present value of the defined benefit obligation of the BMW (UK) Operations Pension Scheme and the Supplementary Scheme (weighted average) include:

	2017 %	2016 %
Discount rate	2.34	2.51
Future salary increases	0.05	3.90
Retail price inflation	3.26	3.40
Rate of pension increases	2.46	2.58
Interest rate for calculating interest income on plan assets	2.51	3.58

The mortality assumptions, based on actuarial advice in accordance with published statistics and the recent actual mortality experience of the members within the Scheme, allow for future mortality improvements. The assumptions are that:

- An active member currently aged 45 retiring at age 65 will live on average for a further 26.3 years after retirement if they are male and for a further 28.6 years after retirement if they are female.
- A current pensioner aged 70 will live on average for a further 18.7 years if male and 20.2 years if female.
- The weighted average duration of the defined benefit obligation at the end of the reporting period is 21.3 years (2016:20.8 years).

#### Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions:

	Change	Defined benefit obligation Increase £'000	Decrease £'000
Discount rate	(+ / - 0.75%)	(1,181,726)	1,499,137
Retail price inflation	(+ / - 0.75%)	853,120	(770,212)
Rate of pension increases	(+ / - 0.25%)	347,433	(326,019)

As permitted in IAS19.173(b), disclosures for the comparative period are not provided.

In valuing the liabilities of the pension fund at 31 December 2017, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2017 would have increased by £406,527,000 before deferred tax.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 December 2014 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

## **Notes** *(continued)*

### **21 Ultimate parent company and parent company of larger group**

The company is a wholly owned subsidiary undertaking of BMW (UK) Holdings Limited which is incorporated in England and Wales.

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

The address where Bayerische Motoren Werke Aktiengesellschaft's accounts, which include the results of the company, can be obtained is Petuelring 130, D-80788 Munich, Germany. No other group accounts include the results of the company.

### **22 Accounting estimates and judgements**

The directors consider that there are no accounting estimates and judgements that are critical the financial statements.