

Registered in England and Wales
Number 1663911

BMW (UK) INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2004



BMW (UK) INVESTMENTS LIMITED**DIRECTORS**

N C Wharton
G M Woolley

REPORT OF THE DIRECTORS

The directors present the Annual Report of the Company, together with the Financial Statements for the year ended 31 December 2004.

Review of activities

The profit and loss account for the year is set out on page 5.

The Company operates as a holding company for certain BMW Group companies and as a property investment company. During the year the company disposed of property held for the amount of £2,350,000, realising a profit of £710,000.

Directors

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

Mr N C Wharton and Mrs G M Woolley both served throughout the year.

The directors have no disclosable interests in shares or rights to subscribe for shares in any group BMW AG company.

Dividends

The directors recommend that no dividend should be paid for the year ended 31 December 2004 (2003: £nil).

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period. In preparing those 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 accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

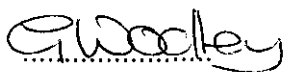
BMW (UK) INVESTMENTS LIMITED**REPORT OF THE DIRECTORS - continued**

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors

The company has previously passed an elective resolution to dispense with the obligation to appoint the auditors, KPMG LLP, annually.

On behalf of the Board:



G M Woolley
SECRETARY
25 October 2005

BMW (UK) INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BMW (UK) INVESTMENTS LIMITED

We have audited the financial statements on pages 5 to 13.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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KPMG LLP
Chartered Accountants
Registered Auditor

25 October 2005

BMW (UK) INVESTMENTS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004**

	<u>Notes</u>	2004 £000	2003 £000
Operating profit	1	13	1,453
Profit on disposal of fixed assets		710	-
Income from shares in associate undertakings		-	2,754
Loss in disposal of investments		-	(2,754)
Profit on ordinary activities before interest and taxation		723	1,453
Net Interest receivable	3	<u>2,126</u>	<u>1,238</u>
Profit on ordinary activities before taxation		2,849	2,691
Tax on Profit on ordinary activities	4	<u>-</u>	<u>-</u>
Profit for financial year	10	<u>2,849</u>	<u>2,691</u>

CONTINUING OPERATIONS

All of the above results relate to continuing operations.

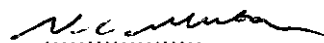
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the results for the above two financial years.

BMW (UK) INVESTMENTS LIMITED**BALANCE SHEET
AT 31 DECEMBER 2004**

	Notes	2004 £000	2003 £000
Fixed assets			
Tangible assets	5	263	1,945
Current assets			
Debtors	6	53,302	48,965
Current liabilities			
Creditors – amounts falling due within one year	7	(10)	(42)
Net current assets		<u>53,292</u>	<u>48,923</u>
Total assets less current liabilities		53,555	50,868
Provisions for liabilities and charges	8	(794)	(956)
Net assets		<u>52,761</u>	<u>49,912</u>
Capital and reserves			
Called up share capital	9	1,000	1,000
Profit and loss account	10	<u>51,761</u>	<u>48,912</u>
Equity shareholders' funds	10	<u>52,761</u>	<u>49,912</u>

These Financial Statements were approved by the Board of Directors on 25 October 2005 and were signed on its behalf by:


.....
N C Wharton

BMW (UK) INVESTMENTS LIMITED**ACCOUNTING POLICIES****Accounting convention**

These financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention as modified by the revaluation of certain fixed assets.

These financial statements are prepared on a going concern basis.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred (or accelerated) because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19, (see note 4).

Investments

Investments in subsidiary undertakings and in associated undertakings are stated at the lower of cost or net asset value, less provisions for impairment.

Depreciation

Depreciation of tangible fixed assets is provided on a straight-line basis at the following annual rates so as to write off their cost or valuation less estimated residual value over their estimated useful economic lives:

Freehold land	- nil
Freehold buildings	- 2.5%
Plant and machinery	- 10% to 25%

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking and the ultimate parent undertaking includes the company's cashflow in its own consolidated financial statements which are publicly available (see note 12).

Related party disclosures

Under Financial Reporting Standard 8, the Company is exempt from the requirement to disclose transactions with entities that are part of the Group on the grounds that it is wholly owned by a parent undertaking which includes the Company in its own published consolidated financial statements.

BMW (UK) INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS****1. Operating profit**

	2004 £000	2003 £000
Operating profit is calculated as follows:		
Administrative expenses	(46)	(52)
Other income	59	1,505
	<u>13</u>	<u>1,453</u>

Operating profit is stated after charging:

Auditors' remuneration	-	-
Depreciation of tangible assets	<u>42</u>	<u>51</u>

Auditors' remuneration is borne by BMW (UK) Holdings Ltd.

2. Directors remuneration

The directors receive no remuneration for their services to this Company (2003: £ nil).

3. Net Interest receivable and similar charges

	2004 £000	2003 £000
Interest Payable		
Interest on loans from Group undertakings	<u>(1)</u>	<u>(1)</u>
Interest Receivable	1	-
Interest on loans to Group undertakings	<u>2,126</u>	<u>1,239</u>
Net interest receivable	<u>2,126</u>	<u>1,238</u>

BMW (UK) INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS - continued****4. Tax on profit on ordinary activities****Analysis of the charge in the period**

	2004 £000	2003 £000
Deferred tax		
Reversal of timing differences	641	-
Adjustments in respect of prior periods	(641)	-
	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the period

The current tax charge is lower (2003: lower) than the standard rate of corporation tax in the UK of 30% (2003: 30%), principally due to the reversal of timing differences. The differences are explained below:

	2004 £000	2003 £000
Current Tax reconciliation		
Profit on ordinary activities before tax	2,849	2,691
Current tax at 30% (2003: 30%)	<u>854</u>	<u>807</u>
Effects of:		
Capital allowances for the period in excess of depreciation	(194)	(52)
Income not taxable for tax purposes	(3)	-
Group relief surrendered for no payment	-	198
Expenses not deductible for tax purposes	6	(166)
Other timing differences	(663)	(787)
Total current tax charge	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

A deferred tax asset of £1.4m (2003: £0.4m) in respect of accelerated depreciation and other timing differences has not been recognised on the basis that it is more likely than not that there will be insufficient taxable profits arising in the future from which the reversal of the underlying asset could be deducted.

BMW (UK) INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS - continued****5. Tangible assets**

	Freehold land and buildings	Plant and Machinery	Total
	£000	£000	£000
Cost or valuation			
At 1 January 2004	2,125	243	2,368
Disposals	<u>(1,862)</u>	<u>(243)</u>	<u>(2,105)</u>
At 31 December 2004	<u>263</u>	<u>-</u>	<u>263</u>
Accumulated depreciation			
At 1 January 2004	(259)	(164)	(423)
Charge for year	(24)	(18)	(42)
Disposals	<u>283</u>	<u>182</u>	<u>465</u>
At 31 December 2004	<u>-</u>	<u>-</u>	<u>-</u>
Net book value at			
31 December 2004	263	-	263
31 December 2003	1,866	79	1,945

Freehold Land and Buildings include £262,815 (2003: £1,037,815) in respect of Land on which no depreciation is charged.

BMW (UK) INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS - continued****6. Debtors - amounts falling due within one year**

	2004 £000	2003 £000
Interest bearing loan to Group undertaking	53,271	48,882
Other debtors	30	-
VAT	1	83
	<u>53,302</u>	<u>48,965</u>

7. Creditors - amounts falling due within one year

	2004 £000	2003 £000
Amounts owed to group undertakings	3	-
Other creditors	7	42
	<u>10</u>	<u>42</u>

8. Provisions for liabilities and charges

	£000
As at 31 December 2003	956
Utilised during the year	(162)
As at 31 December 2004	<u>794</u>

The contaminated land charges of £794,000 relate to estimated future rectification costs in respect of certain owned land.

BMW (UK) INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS - continued****8. Provisions for liabilities and charges - continued**

Deferred taxation

There is no potential liability for deferred taxation arising from accelerated capital allowances or other short term timing differences. Details of the unprovided tax asset are set out in note 4 and below.

	2004 £000	2003 £000
The elements of unprovided deferred taxation are as follows:		
Difference between accumulated depreciation and capital allowances	-	135
Other timing differences	<u>1,370</u>	<u>287</u>
	<u>1,370</u>	<u>422</u>

9. Share capital

1,000 (2003:1,000) Ordinary shares of £1 each

	2004 £000	2003 £000
Authorised	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid	<u>1,000</u>	<u>1,000</u>

BMW (UK) INVESTMENTS LIMITED**NOTES TO THE ACCOUNTS – continued****10. Reconciliation of movements in shareholders' funds**

	Called-up Share capital	Profit and Loss account	Total
	£000	£000	£000
Opening shareholders' funds	1,000	48,912	49,912
Profit for financial year	-	2,849	2,849
Closing shareholders' funds	1,000	51,761	52,761

11. Ultimate parent company

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

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

The address where Bayerische Motoren Werke Aktiengesellschaft's accounts can be obtained is Petuelring 130, D-80809 Munich, Germany.

12. Group accounts

The Company being a subsidiary undertaking of another company which draws up group accounts is not required to present group accounts. These accounts represent the results of the Company as an individual entity.

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