

Registered in England and Wales  
Number 1663911

# **BMW (UK) INVESTMENTS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2003**



**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 2003.

**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 its investment in Rover Finance Holdings Ltd.

**Directors**

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

Mr M C Kreeft resigned on 9 January 2003. Mr N C Wharton was appointed as a director on 9 January 2003. Mrs G M Woolley 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 2003 (2002: £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**

Pursuant to Section 386 of the Companies Act 1985, a resolution is to be put to the forthcoming annual general meeting which, if passed, would result in the company not being required to re-appoint its auditors annually. KPMG LLP would then continue as the company's auditors.

On behalf of the Board:

  
G M Woolley  
SECRETARY  
25 October 2004

**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.

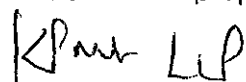
**Basis of audit opinion**

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



.....  
KPMG LLP  
Chartered Accountants  
Registered Auditor

25 October 2004

**BMW (UK) INVESTMENTS LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2003**

	<u>Notes</u>	2003 £000	2002 £000
<b>Operating profit / (loss)</b>	1	1,453	(10,912)
Income from shares in associate undertakings		2,754	65,369
Loss in disposal of investments		<u>(2,754)</u>	<u>-</u>
<b>Profit on ordinary activities before interest and taxation</b>	2	1,453	54,457
Net Interest receivable / (payable)	3	<u>1,238</u>	<u>(465)</u>
<b>Profit on ordinary activities before taxation</b>		2,691	53,992
Tax on Profit on ordinary activities	4	<u>-</u>	<u>-</u>
<b>Profit for financial year</b>	11	<u>2,691</u>	<u>53,992</u>

**CONTINUING OPERATIONS**

All of the above results relate to continuing operations.

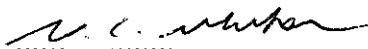
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

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 2003**

	Notes	2003 £000	2002 £000
<b>Fixed assets</b>			
Tangible assets	5	1,945	1,996
Investments	6	-	22,663
		<u>1,945</u>	<u>24,659</u>
<b>Current assets</b>			
Debtors	7	48,965	26,202
<b>Current liabilities</b>			
Creditors – amounts falling due within one year	8	<u>(42)</u>	<u>(76)</u>
<b>Net current assets</b>		<u>48,923</u>	<u>26,126</u>
<b>Total assets less current liabilities</b>		50,868	50,785
<b>Provisions for liabilities and charges</b>	9	<u>(956)</u>	<u>(3,564)</u>
<b>Net assets</b>		<u>49,912</u>	<u>47,221</u>
<b>Capital and reserves</b>			
Called up share capital	10	1,000	1,000
Profit and loss account	11	<u>48,912</u>	<u>46,221</u>
<b>Equity shareholders' funds</b>	11	<u>49,912</u>	<u>47,221</u>

These Financial Statements were approved by the Board of Directors on 25 October 2004 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 / (loss)**

	2003 £000	2002 £000
Operating profit / (loss) is calculated as follows:		
Administrative (expenses) / income	(52)	45
Other income	1,505	91
Exceptional operating costs	<u>-</u>	<u>(11,048)</u>
	<u>1,453</u>	<u>(10,912)</u>

Operating profit is stated after charging:

Auditors' remuneration	-	6
Depreciation of tangible assets	<u>51</u>	<u>45</u>

In 2002, exceptional operating costs included £3,564,000 for the future rectification costs in respect of certain owned land. Also, an impairment charge was made of £7,484,000 against the investment in Rover Finance Holdings Limited.

**2. Profit on ordinary activities before interest and taxation**

The directors receive no remuneration for their services to this Company (2002: £ nil).

**3. Net Interest receivable / (payable) and similar charges**

	2003 £000	2002 £000
Interest Payable		
Interest on loans from Group undertakings	<u>(1)</u>	<u>(916)</u>
Interest Receivable		
Interest on loans to Group undertakings	<u>1,239</u>	<u>451</u>
Net interest receivable / (payable)	<u>1,238</u>	<u>(465)</u>



**BMW (UK) INVESTMENTS LIMITED****NOTES TO THE ACCOUNTS - continued****4. Tax on profit on ordinary activities**

The current tax charge is lower (2002: lower) than the standard rate of corporation tax in the UK of 30% (2002: 30%), principally due to the reversal of timing differences. The differences are explained below:

	2003 £000	2002 £000
<b>Current Tax reconciliation</b>		
Profit on ordinary activities before tax	2,691	53,992
Current tax at 30% (2002: 30%)	<u>807</u>	<u>16,198</u>
<b>Effects of:</b>		
Capital allowances for the period in excess of depreciation	(52)	(68)
Income not taxable for tax purposes	(826)	(19,612)
Group relief surrendered for no payment	198	213
Expenses not deductible for tax purposes	826	2,260
Incentive for environmental remediation	(166)	-
Other timing differences	(787)	1,009
<b>Total current tax charge</b>	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

A deferred tax asset of £0.4m (2002: £1.3m) in respect of accelerated depreciation and other timing differences has not been recognised on the basis that it is more likely 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 2003	<u>2,125</u>	<u>243</u>	<u>2,368</u>
At 31 December 2003	<u>2,125</u>	<u>243</u>	<u>2,368</u>
Accumulated depreciation			
At 1 January 2003	(230)	(142)	(372)
Charge for year	<u>(29)</u>	<u>(22)</u>	<u>(51)</u>
At 31 December 2003	<u>( 259)</u>	<u>(164)</u>	<u>( 423)</u>
Net book value at			
31 December 2003	1,866	79	1,945
31 December 2002	1,895	101	1,996

Freehold Land and Buildings include £1,037,815 (2002: £1,037,815) in respect of Land on which no depreciation is charged.

**BMW (UK) INVESTMENTS LIMITED****NOTES TO THE ACCOUNTS - continued****6. Investments**

	Associated Undertakings £000	Total £000
Cost		
At beginning of year	22,663	22,663
Disposals	(22,663)	(22,663)
At end of year	-	-
Provision		
At beginning of year	-	-
Disposals	-	-
At end of year	-	-
Net book value at		
31 December 2003	-	-
31 December 2002	22,663	22,663

During the year the company disposed of its investment in Rover Finance Holdings Limited, for consideration of £19.9m.

**7. Debtors - amounts falling due within one year**

	2003 £000	2002 £000
Interest bearing loan to Group undertaking	48,882	26,201
Recoverable VAT	83	1
	<u>48,965</u>	<u>26,202</u>

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

	2003 £000	2002 £000
Amounts owed to group undertakings	-	2
Other creditors	<u>42</u>	<u>74</u>
	<u>42</u>	<u>76</u>

**BMW (UK) INVESTMENTS LIMITED****NOTES TO THE ACCOUNTS - continued****9. Provisions for liabilities and charges**

	£000
As at 31 December 2002	3,564
Utilised during the year	(1,108)
Released to profit and loss account	(1,500)
As at 31 December 2003	<u>956</u>

The contaminated land charges of £956,000 relate to estimated future rectification costs in respect of certain owned land.

**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.

	2003 £000	2002 £000
The elements of unprovided deferred taxation are as follows:		
Difference between accumulated depreciation And capital allowances	135	188
Other timing differences	<u>287</u>	<u>1,074</u>
	<u>422</u>	<u>1,262</u>

**BMW (UK) INVESTMENTS LIMITED****NOTES TO THE ACCOUNTS – continued****10. Share capital**

	Ordinary shares of £1 each	
	2003 £000	2002 £000
Authorised	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid	<u>1,000</u>	<u>1,000</u>

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

	Called-up Share capital	Profit and Loss account	Total
	£000	£000	£000
Opening shareholders' funds	1,000	46,221	47,221
Profit for financial year	<u>-</u>	<u>2,691</u>	<u>2,691</u>
Closing shareholders' funds	<u>1,000</u>	<u>48,912</u>	<u>49,912</u>

**12. 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.

**13. 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.