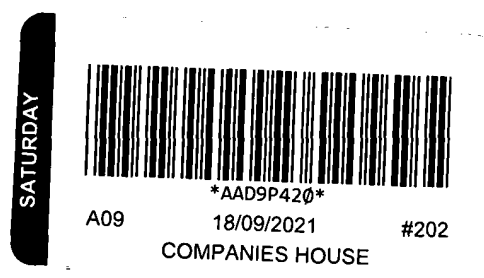


## **Bosch Thermotechnology Limited**

**Annual report and financial statements for the year ended  
31 December 2020**



Company Number: 01993294

Incorporated: 27 February 1986

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## **Company information for the year ended 31 December 2020**

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<b>Directors</b>	C. Arntzen S. Lister S. Mansbridge R. Murdoch T. Bauer
<b>Company secretary</b>	S. Mansbridge
<b>Company number</b>	01993294
<b>Registered office</b>	Cotswold Way Warndon Worcester WR4 9SW
<b>Independent auditors</b>	Ernst & Young LLP 1 Colmore Square Birmingham B4 6HQ

## **Strategic report for the year ended 31 December 2020**

*(All amounts in £ millions unless otherwise stated)*

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The directors present their strategic report for the year ended 31 December 2020.

### **Principal activities**

The company's principal activity during the year was the manufacture, supply and after sales support of gas and oil-fired boilers and related appliances.

Bosch Thermotechnology Limited operates within a two-step distribution system. The company sells its products to both national and regional merchants, who sell to installers whose customers are the end consumers. The sales of gas and oil-fired appliances and the related spare parts are strongly supported by a comprehensive in-house after sales organisation.

### **Results and dividends**

The profit for the year, after taxation, amounted to £87.2m (2019: £90.7m).

Dividends paid during the year comprise a final dividend of £80m (2019: £19m), equivalent to £800 per share (2019: £190 per share), in respect of the previous year ended 31 December 2019.

### **Review of the business**

In 2020, revenue decreased from £520.1m to £479.7m and profit before income taxation decreased from £112.5m in 2019 to £108.4m. Challenging conditions in the market resulted in a fall in both gas and oil boiler sales compared to prior year. COVID business conditions affected sales in Q2 2020 and staff were furloughed during this period. However, this was followed by a strong end to the year with sales up 5% in Q4 2020 compared to Q4 2019.

Operating profit decreased from £114.5m to £110.1m. Administration and sales and distribution costs were impacted in 2020 due to the group decision to not charge capital charges. This was implemented to align all Bosch entities with other companies of comparable size for ease of benchmarking. Therefore, admin costs increased (due to the removal of a capital credit compared to 2019) and sales and distribution costs decreased (due to the removal of a capital charge compared to 2020). There was no effect on profitability due to this change.

The statement of financial position at the end of the year improved compared to prior year as the net asset position of the business increased due to the impact of the results for the year less the dividend paid.

## **Strategic report for the year ended 31 December 2020 (continued)**

*(All amounts in £ millions unless otherwise stated)*

### **Key performance indicators**

The company has consolidated its performance during 2020 and continues to develop future growth by successfully distributing products and servicing its customers. Progress is monitored by the board and the divisional directors by reference to the following KPI's.

	<b>2020</b>	<b>2019</b>	
Growth in sales units (%)	<b>(11.3)</b>	(5.1)	Year on year unit sales growth expressed as a percentage.
Operating margin (%)	<b>23.0</b>	22.0	Operating margin is the ratio of operating profit (before exceptional items) to sales, expressed as a percentage.
Return on invested capital (%)	<b>110.8</b>	124.3	Operating profit expressed as a percentage of net assets (excluding pension deficit).
Value added per employee (£'000)	<b>146</b>	147	Value added is revenue less cost of material, divided by average employee capacity.

### **Strategy**

In order to achieve sustainable growth and profit, the company is focusing on the following key elements of its strategy:

Comprehensive product range at the highest quality standard. The provision of an attractive and complete product range of appliances is vital for future growth and sustainable profit. With the introduction of the second generation of condensing gas appliances the company has continued its position as the leading manufacturer of highly efficient and innovative gas appliances in the United Kingdom and the Republic of Ireland.

- Availability at all times. The company is emphasising this strategy throughout the whole supply chain and is working closely together with its customers and suppliers.
- Focus on customer satisfaction. The company is endeavouring to achieve the highest possible customer satisfaction. Based on regular independent market research, the company is looking for improvements in all aspects of the business such as product design, functionality, unique selling points and after sales service.

## **Strategic report for the year ended 31 December 2020 (continued)**

*(All amounts in £ millions unless otherwise stated)*

### **Principal risks and uncertainties**

#### **a) Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

#### **b) Price risk**

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will continue to revisit the appropriateness of this policy should the company's operations change in size or nature.

#### **c) Credit risk**

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set by the board. The utilisation of credit limits is regularly monitored. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

#### **d) Liquidity risk**

The company currently has no requirements for debt finance outside the Robert Bosch Group.

#### **e) Interest rate cash flow risk**

The company is part of a cash-pool netting arrangement with certain other UK subsidiaries. The interest rate received on these balances is at the market rate.

### **Reporting on compliance with section 172 requirements**

In performance of their statutory duties and in accordance with s172 (1) Companies Act 2006, the board of directors of Bosch Thermotechnology Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1) (a-f) of the act) in the decisions taken during the year ended 31 December 2020.

### **Business**

Each year, the Board undertakes an in-depth review of the Company's strategy, including a business plan for subsequent years. Once approved by the Board, the plan and strategy form the basis for financial budgets, resource plans and investment decisions and also the future strategic direction of the Company. In making decisions concerning the business plan and future strategy, the Board has regard to a variety of matters including the interests of various stakeholders, the consequences of its decisions in the long term and its long-term reputation.

## **Strategic report for the year ended 31 December 2020 (continued)**

*(All amounts in £ millions unless otherwise stated)*

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### **Stakeholder engagement**

#### *With employees*

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the in-house newspaper and newsletters, briefing groups and the distribution of the annual report.

The company is an equal opportunities employer. Applications for employment are always fully considered irrespective of gender, ethnic origin, race, religion, sexual orientation or disability.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective attitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

#### *With suppliers, customers, and others*

As part of the global Bosch group, the company operates a "Code of Business Conduct" to which all associates are expected to adhere and receive regular training. It sets out how the company's associates are expected to act in their day to day business activities. In conjunction with the Bosch values, it provides a rock-solid foundation on which trust can grow – trust that is essential if the company is to grow and be successful for the benefit of all its stakeholders.

This includes, but is not limited to:

- Lawful, regulation-compliant, responsible, and fair conduct;
- Avoiding conflicts of interest;
- Keeping confidential information secret and handling sensitive data responsibly;
- Observing rules of fair competition, create unambiguous and documented agreements with suppliers and customers, and have a zero-tolerance to corruption in any form;
- Producing quality, safe products and services to the highest quality and reliability;
- Respect for the intellectual property of third parties.

### **Governance**

The company's executive management is responsible for compliance to the Code of Business Conduct. The corporate internal auditing department (C/AU), including its local units, has an unlimited right to request information and conduct audits, provided these do not run contrary to statutory or company regulations.

## **Strategic report for the year ended 31 December 2020 (continued)**

*(All amounts in £ millions unless otherwise stated)*

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### **Key business decisions**

There have been no strategic or key changes to the operating structure of the business in the year. The directors consider a key business decision to be one which has a material impact on the operations, objectives or financial position of the business.

During the year a dividend of £80m was paid to the immediate parent company. In making the decision to pay dividends, the company considered the impact on its key stakeholders. The payment of a dividend meets the core expectations of the shareholder. The company has also considered the impact on the other stakeholders and does not consider this decision to have an impact on the key needs of the other stakeholders.

By order of the board



S. Mansbridge  
Company Secretary

6/9 ..... 2021



## **Directors' report for the year ended 31 December 2020**

*(All amounts in £ millions unless otherwise stated)*

The directors present their Annual report and financial statements of the company for the year ended 31 December 2020.

### **Future developments**

It is the aim of the company to realise further profitable growth through the focus on both sales of current products as well as renewables, and productivity in the manufacturing sites.

### **Directors**

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

C. Arntzen

S. Lister

S. Mansbridge

R. Murdoch

T. Bauer

### **Qualifying third-party and pension scheme indemnity provisions**

The Robert Bosch group maintains liability insurance for its directors and officers. The group has also provided an indemnity for its directors and secretary, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006. This indemnity was in place during the financial year and continues to be in place at the date of the approval of these financial statements.

### **Research and development**

The company continues to invest in both new products and quality. Parallel to the development of the third generation of condensing gas appliances, the company is developing new condensing gas and oil floor-standing boilers and is part of a BEIS project investigating the use of hydrogen in heating and hot water technology. Development projects meeting the necessary capitalisation criteria are capitalised. Expenditure on research and development capitalised during the year was £0.1m (2019: £0.1m). Expenditure written off during the year was £10.5m (2019: £11.2m).

### **Events after the end of the reporting period**

Subsequent to the date of the statement of financial position, there are no adjusting or adjusting subsequent events to report.

### **Going concern**

The company's business activities, together with the factors likely to affect its future development, its financial position and its exposure to risks are described in the strategic report.

The company meets its day to day working capital requirements through its cash reserves and borrowings.

## **Directors' report for the year ended 31 December 2020 (continued)**

*(All amounts in £ millions unless otherwise stated)*

### **Going concern (continued)**

The current economic conditions continue to create uncertainty, particularly over the level of demand for the company's products. On March 23, 2020 the United Kingdom government extended previous guidance in response to the COVID 19 virus with a series of actions becoming effective immediately. Subsequently, additional lockdown and support measures were implemented, and these have continued into 2021. At the time there was a general consensus that these actions would have a wide range of severe impacts, which were uncertain, both in their severity and their duration.

However, the flexibility of the company's support systems, the implementation of home-working, and the strict adherence to COVID-19 measures where home-working was not possible, mitigated the severity of these impacts.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves and borrowings.

The company is dependent on the continued support of the ultimate parent company, Robert Bosch GmbH. The ultimate parent company Robert Bosch GmbH has confirmed that it will provide financial support as necessary for the company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

The Directors have assessed the ability of Robert Bosch GmbH to support the company and are satisfied that they are in a position to provide such support as and when required

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### **Streamlined Energy and Carbon Reporting Framework**

#### **Energy Efficiency Measures**

In the 2020 Bosch Thermotechnology Limited has undertaken the following energy efficiency measures:

The main target for Bosch Thermotechnology Limited and the Bosch UK group overall was to ensure compliance and alignment to the Bosch group's global targets as set by the Bosch group executive board of management which committed for Bosch group to be carbon neutral in electricity, gas and mobile emissions by 2020. This was achieved by the procurement of 100% green renewable electricity for all UK premises and offsetting of gas and direct transport emissions by centrally procured carbon credits from South Pole, a sustainability consultancy. South Pole are the organisation from which Bosch GmbH and all subsidiaries purchase carbon credits.

Bosch Thermotechnology Limited complied with this target.

In addition and to further improve sustainability awareness for 2021 and beyond, the UK Board of management, in conjunction with Bosch Thermotechnology Limited directors have also established a UK sustainability policy that targets key influences to achieve the committed science based target <https://sciencebasedtargets.org/companies-taking-action#table>. Specifically:

## Directors' report for the year ended 31 December 2020 (continued)

(All amounts in £ millions unless otherwise stated)

### Streamlined Energy and Carbon Reporting framework (continued)

**Robert Bosch GmbH commits to reduce absolute scope 1 and 2 GHG emissions 85% and absolute scope 3 GHG emissions 15% by 2030 from a 2018 base year. Robert Bosch GmbH also commits to increase annual sourcing of renewable electricity from 14% in 2018 to 100% by 2030. The target boundary includes biogenic emissions and removals from bioenergy feed stocks.**

**The targets covering greenhouse gas emissions from company operations (scopes 1 and 2) are consistent with reductions required to keep warming to 1.5°C. The renewable energy procurement target covering scope 2 emissions is consistent with reductions required to keep warming to 1.5°C.**

### Streamlined Energy and Carbon Reporting Framework (continued)

Key pillars considered in the UK sustainability policy are;

- **Energy** – Procurement, monitoring, efficiency technology projects and overall reduction targets.
- **Waste** - Segregation, waste reduction, eradication of non-recyclable materials from waste stream, Product whole-life cycle analysis.
- **Fleet vehicles** - Green policy, EV charging.
- **Sustainability Awareness** – Awareness and education for associates.
- **Supply chain compliance** – Evaluation and selection of supply chain for Bosch target compliance.

Energy reduction has been targeted by investment across the Bosch UK property portfolio, Bosch Thermotechnology Limited implemented a number of the following projects as part of the wider UK strategy;

- The installation of new Air Handling Plant to a number of our sites which are more energy efficient.
- We have continued to upgrade our lighting with LED lighting, in line with the global target for all properties to have LED lighting by 2023.
- Investment and implementation of Bosch building technology, monitoring and asset management systems (Bosch Energy Platform and Bosch Phantom).
- EV charging infrastructure.
- Planned investment in ageing mechanical and mechanical and electrical plant e.g. Inverter drives, motors, A/C split systems, BMS controls.

A number of sustainable feasibility studies are currently being investigated these include:

- Building management system controls and smart meters
- Blinds/solar controlled glass are installed to prevent glare and minimise solar gain;
- Water saving measures and leak detection;
- Heat recovery systems;
- Self-generation through renewable technologies with battery storage.

## Directors' report for the year ended 31 December 2020 (continued)

(All amounts in £ millions unless otherwise stated)

### Streamlined Energy and Carbon Reporting framework (continued)

#### Annual Report Statement

British Independent Utilities (BiU) has supported the Company with its carbon footprint calculation which has been calculated using a methodology aligned with the principles of the Greenhouse Gas Protocol (GHG) Standard for Corporate Accounting and Reporting produced by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) - a globally recognised standard. The GHG Protocol Standard is one of the recommended methodologies under SECR guidelines. The footprint utilises UK Government conversion factors for the year of reporting.

The data captured within this year's carbon footprint has predominantly been derived from a summary spreadsheet collated by Bosch Thermotechnology Limited. This included an overview of consumption figures for electricity, gas, water, waste, generators, and refrigerant gas, which was demonstrated through annual totals depending on the site to which it had been attributed to. Carbon emissions emitted from vehicles have been calculated based on the miles per annum (MPA) driven by each vehicle, in addition to fuel type.

Bosch Thermotechnology Limited				
Energy Consumption		2020	2019	Variance
Scope 1: Combustion of fuel and operation of facilities.	LPG (kWh)	178,140	177,488	0%
	Natural Gas (kWh)	2,510,805	3,317,916	-24%
	Transport (kWh)	17,619,133	17,277,497	2%
	Total Scope 1 Energy (kWh)	20,308,078	20,772,901	-2%
Scope 2: Electricity purchased	Electricity (kWh)	2,291,319	3,055,032	-25%
Total Scope 1 and 2 Energy Consumption (kWh)		22,599,396	23,827,933	-5%

Emissions Assessment		2020	2019	Variance
Scope 1: Combustion of fuel and operation of facilities.	LPG (tCO <sub>2</sub> e)	38	38	0%
	Natural Gas (tCO <sub>2</sub> e)	462	610	-24%
	Transport (tCO <sub>2</sub> e)	4,227	4,286	-1%
	Total Scope 1 (tCO <sub>2</sub> e)	4,727	4,934	-4%
Scope 2: Electricity purchased and heat and steam generated	Location based (LB) (tCO <sub>2</sub> e)	534	865	-38%
	Market based (LB) (tCO <sub>2</sub> e)	0	0	0%
Location based	Total Scope 1 and 2 Emissions (tCO <sub>2</sub> e)	5,261	5,799	-9%
Market based	Total Scope 1 and 2 Emissions (tCO <sub>2</sub> e)	5,261	4,934	6%

Intensity Matrix Assessment		2020	2019	Variance
Intensity Ratio 1	tCO <sub>2</sub> e/£m Revenue	10.97	10.69	3%

## **Directors' report for the year ended 31 December 2020 (continued)**

*(All amounts in £ millions unless otherwise stated)*

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

**BASE YEAR** - The base year chosen for all future SECR comparisons is the Financial Year 2018 (Jan to Dec). This is the most relevant year having been chosen as the standard base year by the Bosch global group of companies and allows direct comparisons amongst those entities.

**EXCLUSIONS** - No Mandatory emissions have been excluded from this report

**EMISSIONS FACTORS APPLIED** - DEFRA 2020/21

**METHODOLOGY** - This report is aligned with GHG protocol. The emissions identified in the report are those resulting from the use of Electricity, Natural Gas, Transportation Fuels & LPG.

**ESTIMATIONS** - Where energy data was not available for the reporting period, this was estimated using a hierarchical approach based upon information available.

1. Pro-rata extrapolation of the figures where part year data was available
2. Substitution of figures from previous/following years where no data was available
3. Estimation using average consumption values.

**SCOPE OF EMISSIONS INCLUDED IN THE REPORT** - Electricity, Natural gas, Direct Transport.

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that:

- As far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Disclosure requirements**

In accordance with the Companies Act 2006 s414C(ii), the company's Strategic Report contains certain disclosures required in the Directors' Report.

### **Reappointment of auditor**

In accordance with s485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



S. Mansbridge  
Company Secretary

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## **Statement of directors' responsibilities for the year ended 31 December 2020**

*(All amounts in £ millions unless otherwise stated)*

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- in respect of the company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the company financial statements comply with the Companies Act 2006. They 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

## **Independent auditors' report to the members of Bosch Thermotechnology Limited**

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

#### **Opinion**

We have audited the financial statements of Bosch Thermotechnology Limited for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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.

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 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

## **Independent auditors' report to the members of Bosch Thermotechnology Limited (continued)**

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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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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 financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 13 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

### **Auditor's 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 auditor's 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.



## **Independent auditors' report to the members of Bosch Thermotechnology Limited (continued)**

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

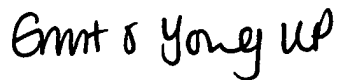
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant to be those relating to the United Kingdom General Accepted Accounting Practice, the Companies Act 2006, and United Kingdom direct and indirect tax regulations. In addition, the company must comply with operational and employment laws and regulations including health and safety regulations, environmental regulations and GDPR.
- We understood how Bosch Thermotechnology Limited is complying with those frameworks by making enquiries of senior finance personnel and those charged with governance and gaining an understanding of the entity level controls of the company in respect of these areas and the controls in place to reduce opportunity for fraudulent transactions. Supporting documentation was obtained to corroborate our understanding of these.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management, and those charged with governance to understand where it considered there was susceptibility to fraud. We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and gained an understanding as to how those procedures and controls are implemented and monitored. We determined there to be a risk of management override in relation to the posting of non-standard manual journals in respect of revenue, and the estimates inherent in respect of the warranty and rebate calculations. To address the risk of management override, we have used data analytics and obtained the entire population of journals for the year, and identified specific transactions for further investigation based on certain criteria. We understood the transactions identified for testing and agreed them to source documentation. With respect to rebates, we performed substantive procedures to gain assurance over the balance, which included agreement to rebate contracts, vouching the appropriateness of assumptions made and/or confirming amounts settled pre and post year-end. For warranty, we have corroborated managements assumptions by agreeing to either historical trends and data or actual current cost information.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included obtaining and reading board and management meeting minutes and relevant approval documents, enquiries of senior finance personnel and those charged with governance and agreement of samples of transactions throughout the audit to supporting source documentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **Independent auditors' report to the members of Bosch Thermotechnology Limited (continued)**

### **Use of our report**

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.



Lorna McNeil (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Birmingham  
6 September 2021

## **Income Statement for the year ended 31 December 2020**

*(All amounts in £ millions unless otherwise stated)*

		<b>Year ended 31 December</b>	
	<i>Note</i>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>	<b>4</b>	<b>479.7</b>	<b>520.1</b>
Cost of sales		(288.4)	(317.2)
<b>Gross profit</b>		<b>191.3</b>	<b>202.9</b>
Selling and distribution costs		(71.1)	(77.3)
Administrative expenses		(9.3)	(4.0)
Research and development costs		(10.5)	(11.2)
Other income		9.7	4.1
<b>Operating profit</b>	<b>5</b>	<b>110.1</b>	<b>114.5</b>
Interest receivable and similar income	7	0.2	0.4
Interest payable and similar charges	7	(1.9)	(2.4)
–Net interest payable	7	(1.7)	(2.0)
<b>Profit on ordinary activities before tax</b>		<b>108.4</b>	<b>112.5</b>
Tax on profit on ordinary activities	8	(21.2)	(21.8)
<b>Profit for the financial year</b>		<b>87.2</b>	<b>90.7</b>

The notes on pages 21 to 47 are an integral part of these financial statements.

All activity is derived from continuing operations.

There is no other comprehensive income for 2020 or 2019 and therefore no statement of comprehensive income has been presented.

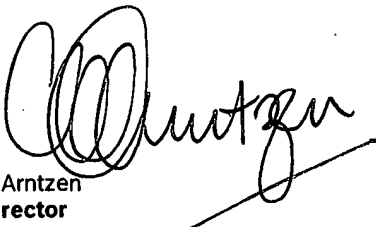
## Statement of financial position

(All amounts in £ millions unless otherwise stated)

		As at 31 December	
	Note	2020	2019
<b>Fixed assets</b>			
Intangible assets	9	1.1	1.5
Tangible assets	10	47.7	46.6
Right-of-use assets	11	11.8	12.5
		<b>60.6</b>	<b>60.6</b>
<b>Current assets</b>			
Stock	12	40.5	41.0
Debtors: amounts falling due within one year	13	158.0	137.2
Cash at bank and in hand		63.6	76.7
		<b>262.1</b>	<b>254.9</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(154.2)</b>	<b>(160.9)</b>
<b>Net current assets</b>		<b>107.9</b>	<b>94.0</b>
<b>Total assets less current liabilities</b>		<b>168.5</b>	<b>154.6</b>
Creditors: amounts falling due after more than one year	15	(7.8)	(8.0)
Provisions for liabilities	16	(61.4)	(54.5)
<b>Net assets</b>		<b>99.3</b>	<b>92.1</b>
<b>Equity</b>			
Share capital	18	0.1	0.1
Profit and loss account		99.2	92.0
<b>Total shareholders' funds</b>		<b>99.3</b>	<b>92.1</b>

The notes on pages 21 to 47 are an integral part of these financial statements.

These financial statements were authorised for issue by the board of directors on ..... 6/9 ..... 2021 and were signed on its behalf.

  
C Arntzen  
Director

Bosch Thermotechnology Limited  
Registered no. 01993294

## **Statement of changes in equity for the year ended 31 December 2020**

*(All amounts in £ millions unless otherwise stated)*

	<i>Note</i>	<b>Called-up share capital</b>	<b>Profit and loss account</b>	<b>Total</b>
<b>Balance as at 1 January 2019</b>		<b>0.1</b>	<b>20.3</b>	<b>20.4</b>
Profit for the financial year		-	90.7	90.7
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>90.7</b>	<b>90.7</b>
Dividends	18	-	(19.0)	(19.0)
Total transactions with owners, recognised directly in equity		-	(19.0)	(19.0)
<b>Balance as at 31 December 2019</b>		<b>0.1</b>	<b>92.0</b>	<b>92.1</b>
<b>Balance as at 1 January 2020</b>		<b>0.1</b>	<b>92.0</b>	<b>92.1</b>
Profit for the financial year		-	87.2	87.2
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>87.2</b>	<b>87.2</b>
Dividends	18	-	(80.0)	(80.0)
Total transactions with owners, recognised directly in equity		-	(80.0)	(80.0)
<b>Balance as at 31 December 2020</b>		<b>0.1</b>	<b>99.2</b>	<b>99.3</b>

The notes on pages 21 to 47 are an integral part of these financial statements.

## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

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### **1 General information**

Bosch Thermotechnology Limited manufacture, supply and after sales support of gas and oil-fired boilers and related appliances.

The company is a private limited (by shares) company and is incorporated and domiciled in England & Wales.

### **2 Significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **2.1 Basis of Preparation**

The financial statements of Bosch Thermotechnology Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements. See note 3 for details of accounting estimates and judgements.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, 'Revenue from contracts with customers'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - i. paragraph 79(a)(iv) of IAS 1;
  - ii. paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - iii. paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - i. 10(d) (statement of cash flows);
  - ii. 16 (statement of compliance with all IFRS);
  - iii. 38A (requirement for minimum of two primary statements, including cash flow statements);
  - iv. 38B–D (additional comparative information);
  - v. 111 (cash flow statement information); and
  - vi. 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash-flows'.

## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

### **Basis of Preparation (continued)**

- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation). The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

#### **2.1.1 Going concern**

The company's business activities together with the factors likely to affect its future development, its financial position and exposure to risks are described in the Strategic Report.

The company meets its day-to-day working capital requirements through its cash reserves and borrowings. The current economic conditions continue to create uncertainty, particularly over the level of demand for the company's products. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves and borrowings. On March 23, 2020 the United Kingdom government extended previous guidance in response to the Covid-19 virus with a series of actions becoming effective immediately. There is a general consensus that these actions will have a wide range of severe impacts, which are uncertain as of today, both in their severity and their duration.

Local Management is forecasting the effect of the above events on the Company, not having yet determined them on the organization and on the financial statements.

The ultimate parent company, Robert Bosch GmbH, has confirmed it will provide financial support as necessary for the company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

The directors have also assessed the ability of Robert Bosch GmbH to support the company and are satisfied that they are in a position to provide such support as and when required.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the Annual report and financial statements.

#### **2.1.2 New standards, amendments and IFRIC interpretations**

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2020 have had a material impact on the company.

## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

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### **2.2 Foreign currency translation**

#### **a) Functional and presentation currency**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency, rounded to the nearest thousand (£'000).

#### **b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement.

### **2.3 Property, plant and equipment**

Land and buildings comprise mainly factories, retail outlets and offices. Land and buildings are shown at cost, less subsequent depreciation for buildings.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost could also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserve in shareholders' funds. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserve; all other decreases are charged to the income statement. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement, and depreciation based on the asset's original cost, is transferred from revaluation reserve to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Freehold land	Not depreciated
- Freehold buildings	33.33 years
- Leasehold land and buildings	Shorter of 10 years or term of the lease
- Plant, machinery and motor vehicles	6-11 years
- Fixtures, fittings, tools and equipment	3-12 years
- Assets under construction	Not depreciated

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if it is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and they are recognised within 'Other income' in the income statement.



## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

### **2.4 Intangible assets**

#### *Research and development*

Expenditure on research activities is recognised in the income statement as an expense incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the company intends and has the technical ability and sufficient resources to complete the development, future economic benefits are probable and if the company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as expenses incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

#### *Other intangible assets*

Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation and less accumulated impairment losses. The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

#### *Amortisation*

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at the date of each statement of financial position. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

– Capitalised development costs	4 years
– Purchased software	4 years

### **2.5 Impairment of non-financial assets**

Non-financial assets that are not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

### **2.6 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

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### **2.7 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **2.7.1 Financial asset – recognition and measurement**

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

All financial assets are initially measured at fair value plus, in the case of financial assets, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets as loans and receivables.

#### **2.7.2 Financial asset - recognition and movement**

##### *Financial assets at amortised cost*

The company classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest. This category is the most relevant to the company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

#### **2.7.3 Impairment of financial assets**

In accordance with IFRS 9, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

For trade and other receivables, the company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses and trade receivables have been grouped based on shared credit risk characteristics and the days past due.

#### **2.7.4 Financial liabilities - recognition and measurement**

The company's financial liabilities comprise of trade creditors, amounts owed to group undertakings and bank overdrafts.

Loans and borrowings and payables are recognised net of directly attributable transaction costs.

## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

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### **2.7.5 Subsequent measurement**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

### **2.7.6 De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **2.7.7 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

## **2.8 Current and deferred tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting, nor taxable, profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

### **2.9 Employee benefits**

#### **a) Pension obligations**

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### **2.10 Provisions**

Provisions for warranty, environmental restoration and legal claims are recognised where: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### **2.11 Revenue recognition**

Revenue is recognised in accordance with the requirements of IFRS 15 'Revenue from Contracts with Customers'. The Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

1. Identify the contract(s) with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities, as described below. The company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

### **(a) Sale of goods**

Sales of goods are recognised when the company has delivered products to the customer, the customer has full discretion over the channel and price for selling the products onwards, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the company has objective evidence that all criteria for acceptance have been satisfied. The company's products are often sold with volume discounts, and customers have a right to return faulty products in the wholesale market. Sales are recorded based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases. No element of financing is deemed present, because the sales are made with a credit term which is consistent with the market practice.

### **b) Sale of services**

The company sells design services to other manufacturers. For sales of services, revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

### **2.12 Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will apply all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

### **2.13 Finance income/(expense)**

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

### **2.14 Leases**

*The company's leasing activities and how these are accounted for*

The company leases various offices, warehouses, retail stores, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 8 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases where the individual lease value is below £5,000 have not been reclassified as right-of-use assets but continue as operating leases. See note 20.

## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

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### **2.14 Leases (continued)**

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the company under residual value guarantees
- the exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

### **2.14 Leases (continued)**

#### *Extension and termination options*

Extension and termination options are included in a number of property and equipment leases across the company. These are used to maximise operational flexibility in terms of managing the assets used in the company's operations. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor.

#### *Critical judgements in determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of £nil.

### **2.15 Dividend distributions**

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

### **2.16 Prior year restatement**

The comparative financial statements have been restated to reflect sales rebate arrangements within "accruals and deferred income" and to include goods received not invoiced within "trade creditors". This restatement has resulted in a decrease of £19.4m in the trade creditors balance, and a corresponding increase of £19.4m in the accruals balance. There is no impact of this presentational change on the overall "creditors: amounts falling due within one year", the result for the year, or the net assets position in any period of account.

## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

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### **3 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Critical accounting estimates and assumptions**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the property, plant and equipment and note 2.3 for the useful economic lives for each class of assets.

b) Sales discounts and rebates

The company makes an estimate at year end for sales discounts and rebates. This is based on actual turnover, sales volumes and the contractual terms of the arrangements. Management review the assumptions within the calculations considering actual historical experience and will adapt calculations accordingly for any significant changes to contractual terms and new promotional schemes. The expected obligations are included within accrued liabilities until the actual obligation has been agreed with the customer, subsequently it is reclassified to trade receivables or trade creditors.

c) Warranty provision

Provision is made for potential warranty costs on sales where the goods supplied are still within their warranty period. The provision is calculated on the basis of the actual cost of rectifying warranty failures and takes into account the time period before claims will be made. The calculation excludes those claims against which specific provision has already been made.

d) Capitalisation of development costs

Where relevant criteria are met, the company capitalises development costs. Critical to capitalisation is determining that a development project will be profitable. The business forecasts a project's profitability by forecasting future revenues, costs and volumes relating to the product. These calculations are based on historical information, and adjusted for effects of sourcing different materials and information obtained during market research. See note 9 for details of the amounts capitalised.



## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

### **4 Revenue**

Analysis of revenue by geography:

	<b>2020</b>	<b>2019</b>
United Kingdom	<b>461.8</b>	505.4
Other EU countries	<b>13.7</b>	9.5
Rest of the world	<b>4.2</b>	5.2
	<b>479.7</b>	520.1

Analysis of revenue by category:

	<b>2020</b>	<b>2019</b>
Sale of goods	<b>457.4</b>	498.6
Rendering of services	<b>22.3</b>	21.5
	<b>479.7</b>	520.1

## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

### **5 Operating profit**

Operating profit is stated after charging / (crediting):

	<b>2020</b>	<b>2019</b>
Wages and salaries	<b>62.6</b>	62.2
Social security costs	<b>6.8</b>	6.6
Other pension costs (note 17)	<b>3.1</b>	3.1
<b>Staff costs</b>	<b>72.5</b>	<b>71.9</b>
Depreciation of property, plant and equipment	<b>6.6</b>	6.6
Depreciation of right-of-use assets	<b>4.8</b>	4.6
Loss on disposal of property, plant and equipment	<b>0.1</b>	0.6
Impairment of stock (included in cost of sales)	<b>2.9</b>	3.8
Impairment of trade receivables	<b>1.0</b>	1.2
Amortisation of intangible assets	<b>0.5</b>	0.3
Low value short term leases	<b>0.1</b>	0.1
Stock recognised as an expense	<b>230.5</b>	260.7
Write off of stock to net realisable value	<b>0.3</b>	0.3
Expenditure on research & development	<b>10.5</b>	11.2
Other income	<b>(9.7)</b>	(4.1)
Audit fees payable to the company's auditor	<b>0.1</b>	0.1

Other income relates to revenue received from:

- license agreements held with other companies in the Bosch group; and
- furlough receipts from the Governments Job Retention Scheme

## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

### **6 Employees and directors**

#### **Employees**

The average monthly number of persons (including executive directors) employed by the company during the year was:

	<b>2020</b>	<b>2019</b>
<b>By activity</b>	<b>Number</b>	<b>Number</b>
Production / Engineering	<b>907</b>	942
Selling and distribution	<b>423</b>	391
Administration	<b>440</b>	464
	<b>1,770</b>	1,797

#### **Directors**

The directors' emoluments were as follows:

	<b>2020</b>	<b>2019</b>
Aggregate emoluments	<b>1.0</b>	1.0
Aggregate amounts (excluding shares) paid to the defined contribution pension scheme	<b>0.1</b>	0.1

Post-employment benefits are accruing for 4 (2019: 4) directors under a defined contribution scheme.

The emoluments of one of the directors were paid by Bosch Thermoteknik GmbH, a fellow group undertaking. Their services to this company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to Bosch Thermoteknik GmbH. Accordingly, no emoluments are borne by this company in respect of the directors.

#### **Highest paid director**

The highest paid director's emoluments were as follows:

	<b>2020</b>	<b>2019</b>
Aggregate emoluments	<b>0.3</b>	0.4
Amount paid to defined contribution pension scheme	<b>0.0</b>	0.0

A contribution of £4,000 (2019: £10,000) was made to a defined contribution pension scheme on behalf of the highest paid director. These amounts are rounded to nearest thousands.

## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

### **7 Interest payable and similar charges**

#### **Interest receivable and similar income**

	<b>2020</b>	<b>2019</b>
Bank interest income	<b>0.2</b>	<b>0.4</b>
<b>Total interest receivable and similar income</b>	<b>0.2</b>	<b>0.4</b>

#### **Interest payable and similar charges**

	<b>2020</b>	<b>2019</b>
Interest expense from group undertakings	<b>(0.1)</b>	<b>(0.2)</b>
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	<b>(0.3)</b>	<b>(0.3)</b>
Provisions: unwinding of discount	<b>(1.5)</b>	<b>(1.9)</b>
<b>Total interest payable and similar charges</b>	<b>(1.9)</b>	<b>(2.4)</b>

#### **Net interest payable**

	<b>2020</b>	<b>2019</b>
Interest receivable and similar income	<b>0.2</b>	<b>0.4</b>
Interest payable and similar charges	<b>(1.9)</b>	<b>(2.4)</b>
<b>Total interest payable</b>	<b>(1.7)</b>	<b>(2.0)</b>

## Notes to the financial statements

*(All amounts in £ millions unless otherwise stated)*

### 8 Tax on profit on ordinary activities

Tax expense included in profit or loss:

	2020	2019
Current tax:		
- UK corporation tax on profit for the year	21.0	21.7
<b>Total current tax</b>	<b>21.0</b>	<b>21.7</b>
Deferred tax:		
- Origination and reversal of timing differences	0.2	0.1
<b>Total deferred tax</b>	<b>0.2</b>	<b>0.1</b>
<b>Tax on profit recognised in the income statement</b>	<b>21.2</b>	<b>21.8</b>

Tax charge for the year is higher (2019: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2020 of 19.00% (2019: 19.00%). The differences are explained below:

	2020	2019
Profit before taxation	108.4	112.5
Profit before taxation multiplied by the standard rate of tax in the UK of 19.00% (2019: 19.00%)	20.6	21.4
Effects of:		
- Accelerated capital allowances	-	(0.1)
- Expenses not deductible for tax purposes	0.2	0.3
- Ineligible fixed asset differences	0.2	-
- Income not subject to tax	0.2	0.2
<b>Tax charge</b>	<b>21.2</b>	<b>21.8</b>

The corporation tax rate for the current year is 19.00%. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2020 (on 17 March 2020) reversing the previously enacted planned reduction from 19% to 17%.

Deferred taxes at the date of the statement of financial position have been measured using the enacted rate of 19% (2019: 17%) and are reflected in these financial statements.

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. As this rate change had not been substantively enacted at the current balance sheet date deferred tax assets/liabilities have not been remeasured to reflect this rate change.

## Notes to the financial statements

(All amounts in £ millions unless otherwise stated)

### 9 Intangible assets

	Capitalised development costs	Software	Total
<b>Cost</b>			
As at 1 January 2020	3.7	1.0	4.7
Additions	0.1	0.1	0.2
<b>As at 31 December 2020</b>	<b>3.8</b>	<b>1.1</b>	<b>4.9</b>
<b>Accumulated amortisation</b>			
At 31 December 2019	(2.4)	(0.9)	(3.3)
Amortisation charge for the year	(0.4)	(0.1)	(0.5)
<b>As at 31 December 2020</b>	<b>(2.8)</b>	<b>(1.0)</b>	<b>(3.8)</b>
<b>Net book amount</b>			
<b>At 31 December 2020</b>	<b>1.0</b>	<b>0.1</b>	<b>1.1</b>
At 31 December 2019	1.3	0.1	1.5

Capitalised development costs are not treated as a realised loss for the purposes of determining the company's distributable profit as the costs meet the conditions requiring them to be treated as an asset in accordance with IAS 38.

## Notes to the financial statements

*(All amounts in £ millions unless otherwise stated)*

### 10 Tangible assets

	Land and buildings	Plant, machinery and motor vehicles	Fixtures, fittings, tools and equipment	Assets under construction	Total
<b>Cost or valuation</b>					
As at 1 January 2020	38.5	30.7	34.8	6.8	<b>110.8</b>
Additions	1.9	1.9	2.9	1.1	<b>7.8</b>
Transfers	4.8	1.0	0.6	(6.4)	<b>-</b>
Disposals	-	(2.0)	(4.6)	-	<b>(6.6)</b>
As at 31 December 2020	45.2	31.6	33.7	1.5	<b>112.0</b>
<b>Accumulated depreciation</b>					
As at 1 January 2020	(16.1)	(20.0)	(28.1)	-	<b>(64.2)</b>
Depreciation charge for the year	(1.2)	(1.9)	(3.5)	-	<b>(6.6)</b>
Disposals	-	1.9	4.6	-	<b>6.5</b>
As at 31 December 2020	(17.3)	(20.0)	(27.0)	-	<b>(64.3)</b>
<b>Net book amount</b>					
As at 31 December 2020	27.9	11.6	6.7	1.5	<b>47.7</b>
As at 31 December 2019	22.4	10.7	6.7	6.8	<b>46.6</b>

Land and buildings are valued at historic cost.

	2020	2019
Freehold	24.8	19.4
Long leasehold	3.1	3.0
Carrying value	27.9	22.4

This note does not include information on right of use assets which are disclosed in note 11. Included within freehold land and buildings is an amount of £2.5m (2019: £2.5m) relating to land that is not depreciated.

## Notes to the financial statements

(All amounts in £ millions unless otherwise stated)

### 11 Leases

#### Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases (where the company is the lessee):

Right of Use Assets	Buildings	Equipment	Vehicles	Total
<b>Cost</b>				
As at 1 January 2020	6.3	2.0	8.8	17.1
Additions	-	1.1	2.2	3.3
Remeasurements	0.8	-	-	0.8
As at 31 December 2020	7.1	3.1	11.0	21.2
<b>Accumulated depreciation</b>				
As at 1 January 2020	(0.8)	(0.8)	(3.0)	(4.6)
Depreciation charge for the year	(0.8)	(0.8)	(3.2)	(4.8)
As at 31 December 2020	(1.6)	(1.6)	(6.2)	(9.4)
<b>Net book amount</b>				
As at 31 December 2020	5.5	1.5	4.8	11.8
As at 31 December 2019	5.5	1.2	5.8	12.5

	2020	2019
<b>Lease liabilities</b>		
Current	4.0	4.4
Non-current	7.8	8.0
	<b>11.8</b>	<b>12.4</b>



## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

### **11 Leases (continued)**

#### **Amounts recognised in the income statement**

The income statement shows the following amounts relating to leases:

	<i>Notes</i>	<b>2020</b>	<b>2019</b>
Depreciation charge		<b>4.8</b>	4.6
Interest expense (included in interest payable)	7	<b>0.3</b>	0.3
Lease expense relating to short-term and low value assets	5	<b>0.1</b>	0.1
		<b>5.2</b>	5.0

A maturity analysis of lease liabilities based on an undiscounted gross cashflow is as follows:

	<b>2020</b>	<b>2019</b>
Not later than one year	<b>4.9</b>	4.8
Later than one year and not later than five years	<b>10.1</b>	10.8
More than five years	<b>2.2</b>	3.0
Total gross payments	<b>17.2</b>	18.6
Impact of finance expenses	<b>(5.4)</b>	(6.2)
Carrying amount of liability	<b>11.8</b>	12.4

The total cash outflow for leases for the year was £4.5m (2019: £5.2m).

## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

### **12 Stock**

	<b>2020</b>	<b>2019</b>
Raw materials and consumables	<b>13.8</b>	14.7
Work in progress	<b>1.3</b>	1.1
Finished goods and goods for resale	<b>25.4</b>	25.2
	<b>40.5</b>	41.0

There is no significant difference between the replacement cost of inventories and their carrying amounts.

Inventories are stated after provisions for impairment of £2.9 (2019: £3.8).

### **13 Debtors: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
Trade receivables	<b>147.1</b>	131.6
Amounts owed by group undertakings	<b>9.5</b>	3.4
Prepayments and accrued income	<b>1.4</b>	2.2
	<b>158.0</b>	137.2

The amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade receivables are stated after provisions for impairment of £1.0m (2019: £1.2m).

## Notes to the financial statements

*(All amounts in £ millions unless otherwise stated)*

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

	Notes	2020	Restated 2019
Trade creditors		22.8	26.2
Amounts owed to group undertakings		62.4	53.4
Corporation tax		0.8	9.7
Taxation and social security		16.1	17.8
Lease liabilities	11	4.0	4.4
Accruals and deferred income		48.1	49.4
		<b>154.2</b>	<b>160.9</b>

Of the balance of amounts owed to group undertakings are loans of £7.7m (2019: £7.6m) due to Worcester Group Limited, and a loan of £1.9m (2019: £1.9m) due to Robert Bosch Investment Limited. Both of these loans are unsecured, attach interest at 12 months average LIBOR plus 1% and are repayable on demand.

The remaining amounts owed to other group undertakings are unsecured, interest free and repayable on demand of which £24.1m (2019: £24.1m) is due to Worcester Group Limited.

### 15 Creditors: amounts falling due after more one year

	Notes	2020	2019
Lease liabilities	11	7.8	8.0
		<b>7.8</b>	<b>8.0</b>

### 16 Provisions for liabilities

	Warranty provision	Deferred tax provision	Other	Total
At 1 January 2020	53.0	1.3	0.2	54.5
Additions to the income statement	22.4	0.2	-	22.6
Unwind of discount	1.5	-	-	1.5
Amounts utilised	(15.7)	-	-	(15.7)
Unused amounts reversed to the income statement	(1.5)	-	-	(1.5)
<b>At 31 December 2020</b>	<b>59.7</b>	<b>1.5</b>	<b>0.2</b>	<b>61.4</b>

## Notes to the financial statements

(All amounts in £ millions unless otherwise stated)

### 16 Provisions for liabilities (continued)

#### Warranty provision

The provision for product warranties relates to expected warranty claims on products sold predominantly in the last two years, however the warranty periods are now predominantly for a five year period. The provision also includes a small element of warranty periods of up to twelve years. It is expected that the majority of this expenditure will be incurred in the next three financial years and the balance will be incurred within ten years of the date of the statement of financial position.

#### Other provision

The other provision relates to unprocessed customer returns.

#### Deferred tax provision

The provision for deferred tax consists of the following deferred tax liabilities/(assets):

	2020	2019
Deferred tax assets due after 12 months	(0.3)	(0.3)
Deferred tax liabilities due after 12 months	1.8	1.6
<b>Total provision</b>	<b>1.5</b>	<b>1.3</b>

Total deferred tax provision/(asset)	2020	2019
<b>Total provision</b>	<b>1.5</b>	<b>1.3</b>

Deferred tax liabilities	Accelerated capital allowances	Total
<b>At 1 January 2019</b>	1.4	1.4
Charged/(credited) to the income statement	0.2	0.2
<b>At 31 December 2019</b>	1.6	1.6
Charged/(credited) to the income statement	0.2	0.2
<b>At 31 December 2020</b>	1.8	1.8

Deferred tax assets	Other timing differences	Total
<b>At 1 January 2019</b>	(0.2)	(0.2)
(Charged)/credited to the income statement	(0.1)	(0.1)
<b>At 31 December 2019</b>	(0.3)	(0.3)
(Charged)/credited to the income statement	-	-
<b>At 31 December 2020</b>	(0.3)	(0.3)

## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

### **17 Post-employment benefits**

The company operates a pension schemes for its employees.

#### **Defined contribution scheme**

The company established a money purchase plan in April 1990. The plan's assets are held independently from the company and invested in managed funds operated by major financial institutions. Any employee can contribute to the scheme; the company will match the employee's contribution, subject to a limit, where the limit is dependent upon the length of time each employee has been a member of the scheme.

The amount recognised as an expense for the defined contribution scheme was:

	2020	2019
Current year contributions	3.1	3.1

No prepayments or accruals have been made in respect of this scheme (2019: £nil).

In accordance with legislation, the company has adopted the requirements of auto-enrolment under the defined contribution scheme.

### **18 Share capital**

#### *Called up share capital*

Ordinary shares of £1 each

<b>Authorised</b>	2020	2019
100,000 ordinary shares of £1 each	0.1	0.1
<b>Allotted and fully paid</b>		
100,000 ordinary shares of £1 each	0.1	0.1

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.

## Notes to the financial statements

(All amounts in £ millions unless otherwise stated)

### 18 Share capital (continued)

#### Dividends

The following dividends were recognised during the year:

	2020	2019
Interim dividend for 2020: £nil (2019: nil) per qualifying ordinary share	-	-
Final dividend for 2019: £800 per share (2019: final dividend for 2018 : £190) per qualifying ordinary share	80.0	19.0
	80.0	19.0

After the date of the statement of financial position, a final dividend of £850 per qualifying ordinary share (2019: £800) was proposed by the directors. The dividends have not been provided for.

### 19 Contingent liabilities

The company's banking arrangement is part of a cash pool netting arrangement with certain other UK subsidiaries of Robert Bosch GmbH, each being jointly and severally liable. No security is held over these assets.

The aggregate net surplus in hand under the terms of the agreement at 31 December 2020 amounted to £257.8m (2019: £128.5m).

## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

### **20 Capital commitments**

At 31 December 2020, the company had the following capital commitments:

	<b>2020</b>	<b>2019</b>
Contracts for future capital expenditure not provided in the financial statements	<b>4.0</b>	<b>5.1</b>

#### *Other commitments*

From 1 January 2019, the group has recognised right-of-use assets for leases previously classified as operating leases, except for short-term and low-value leases shown below, see note 11 for further information.

At 31 December 2020, the company had the following future minimum payment commitments for low value, short term leases, as follows:

	<b>2020</b>	<b>2019</b>
Land and buildings:		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	-
Other:		
Not later than one year	<b>0.1</b>	<b>0.1</b>
Later than one year and not later than five years	-	-
Later than five years	-	-
	<b>0.1</b>	<b>0.1</b>
<b>Total</b>	<b>0.1</b>	<b>0.1</b>

During the year, £0.1 was recognised as an expense in the income statement in respect of low value, short term leases (2019: £0.1).

## **Notes to the financial statements**

*(All amounts in £ millions unless otherwise stated)*

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### **21 Related party transactions**

Under FRS 101.8 j) and k) the company is exempt from Related Party Disclosures as required in paragraph 17 of IAS24 and those related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

#### **Boxt Limited**

During the year, the Company has paid marketing support and direct contract support to Boxt Limited, a company under common control, amounting to £6.2m (2019: £3.3m). There was £nil (2019: £nil) outstanding at the balance sheet date.

### **22 Controlling parties**

The immediate parent undertaking is Worcester Group Limited.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Robert Bosch GmbH, a company incorporated in Germany. Copies of Robert Bosch GmbH consolidated financial statements can be obtained from Robert Bosch GmbH, Robert Bosch Platz 1, Gerlingen-Schillerhöhe, D-70049 Stuttgart, Germany.

The ultimate controlling party is Robert Bosch GmbH.

### **23 Events after the end of the reporting period**

Subsequent to the date of the statement of financial position, there are no adjusting or adjusting subsequent events to report.