

## **Bosch Lawn and Garden Limited**

**Annual report and financial statements for the year ended  
31 December 2016**

**Company Number:** 3073491  
**Incorporated:** 28 June 1995

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**Company information for the year ended 31 December 2016**

**Directors**

Dr A Becker  
Mr S Blackwell  
Mr S Briscoe

**Company secretary**

Mr S Blackwell

**Company number**

3073491

**Registered office**

Suffolk Works  
Stowmarket  
Suffolk  
IP14 1EY

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Abacus House  
Castle Park  
Cambridge  
CB3 0AN

**Bosch Lawn and Garden Limited  
Annual report and financial statements  
31 December 2016**

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## **Strategic Report for the year ended 31 December 2016**

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

The directors present their strategic report on the Company for the year ended 31 December 2016.

### **Principal activities**

The company's principal activity during the year was the manufacture of electrical garden products and providing engineering and marketing services to Robert Bosch GmbH.

### **Review of the business**

In 2016, turnover decreased to £127,952 from £173,817 and profit before taxation increased from a loss of £15,578 in 2015 to a profit on ordinary activities before taxation of £4,374.

The operating profit has increased from a loss of £14,707 to a profit of £5,044. The change in business model that took place on 1 January 2016 where we changed from being the entrepreneur entity having the risks and rewards of the business to a manufacturing location, also offering research and development services and marketing with a guaranteed margin.

The balance sheet position at the end of the year improved upon prior year mainly due to a non refundable capital injection of £13,000, along with the profit for the year.

### **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.

## **Strategic Report for the year ended 31 December 2016 (continued)**

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

### **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 has interest bearing assets in the form of cash-pool balances held by Robert Bosch UK Holdings Limited. The interest bearing assets are in the form of cash balances, the interest rate received on these balances is at the market rate. The company has a policy of maintaining debt at a fixed rate to ensure the certainty of future cash flows. These policies thereby limit the interest rate and cash flow risk.

### **f) Business risk**

Being a multinational company and providing goods for EU consumption, the UK exit from the EU causes a risk through uncertainty. The directors continue to monitor the situation.

### **Key performance indicators**

The Company has consolidated its performance during 2016 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 KPIs:

	<b>2016</b>	<b>2015</b>	
Growth in sales (%)	<b>(26.4)</b>	<b>1.0</b>	Year on year sales growth expressed as a percentage.
Operating margin (%)	<b>3.9</b>	<b>(8.5)</b>	Operating margin is the ratio of operating profit (before exceptional items) to sales, expressed as a percentage.
Return on invested capital (%)	<b>17.9</b>	<b>(132.6)</b>	Operating profit expressed as a percentage of net assets (excluding pension deficit).
Value added per employee (£'000)	<b>112</b>	<b>69</b>	Value added is turnover less cost of material, divided by average employee capacity.

**Bosch Lawn and Garden Limited**  
**Annual report and financial statements**  
**31 December 2016**

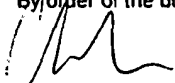
## **Strategic Report for the year ended 31 December 2016 (continued)**

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

### **Environmental matters**

In accordance with the Bosch core values, the Company continues to understand and improve its impact on the environment. This includes, but is not limited to, regular reviews of energy and packaging usage, developing products that are power efficient, and capital expenditure on its assets to improve overall efficiency.

By order of the board



Mr S Blackwell

**Company Secretary**

**27** September 2017

## Directors' Report for the year ended 31 December 2016

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

The directors present their Annual Report and audited financial statements of the Company for the year ended 31 December 2016.

### Future developments

The company has taken the decision as allowed under s414C of the Companies Act 2006 not to disclose information about impending developments or matters in the course of negotiation as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the company.

### Proposed dividend

No dividend has been proposed.

### Directors

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

Mr W Becker (resigned 31 March 2017)  
Mr S Blackwell  
Mr S Briscoe  
Dr A Becker (appointed 1 April 2017)

### Employees

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.

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.

To aid motivation and alignment of objectives, full time staff are included in a company performance related bonus scheme.

### Political contributions

There were no political donations during the year (2015: £Nil).

### 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.

## **Directors' Report for the year ended 31 December 2016 (continued)**

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

### **Post balance sheet events**

Subsequent to the balance sheet date, there were no events that are not disclosed in these financial statements.

### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors who held office at the date of approval of this directors' report confirm that, so 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.

### **Other information**

Disclosure of financial risk and future developments has been included within the Report on financial statements.

### **Independent Auditors**

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

By order of the board



Mr S Blackwell  
Company Secretary

27 September 2017



## **Independent auditors' report to the members of Bosch Lawn and Garden Limited**

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### **Report on the financial statements**

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#### **Our opinion**

In our opinion, Bosch Lawn and Garden Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

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#### **What we have audited**

The financial statements, included within the Annual Report, comprise:

- the balance sheet as at 31 December 2016;
- the profit and loss account and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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#### **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 the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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### **Other matters on which we are required to report by exception**

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#### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- 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.

## Independent auditors' report to the members of Bosch Lawn and Garden Limited (continued)

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We have no exceptions to report arising from this responsibility.

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### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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## Responsibilities for the financial statements and the audit

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### Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Adrian Bennett (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cambridge

27 September 2017

## Profit and Loss Account for the year ended 31 December 2016

(All amounts in £ thousands unless otherwise stated)

		Year ended 31 December	
Continuing operations	Note	2016	2015
Turnover	3	127,952	173,817
Cost of sales		(101,254)	(149,086)
Gross profit		26,698	24,731
Distribution costs		(10,028)	(24,097)
Administrative expenses		(12,704)	(14,011)
Other operating income / (expenses)	4	1,078	(1,330)
Operating profit / (loss)	4	5,044	(14,707)
Other interest payable and similar charges	7	(670)	(871)
Profit / (loss) on ordinary activities before taxation		4,374	(15,578)
Tax on profit / (loss) on ordinary activities	8	(405)	3,147
Profit / (loss) for the financial year		3,969	(12,431)

The notes on pages 14 to 32 form an integral part of these financial statements.

## Statement of Comprehensive Income for the year ended 31 December 2016

(All amounts in £ thousands unless otherwise stated)

		Year ended 31 December	
	Note	2016	2015
<b>Profit/ (loss) for the financial year</b>		<b>3,969</b>	<b>(12,431)</b>
<b>Other comprehensive (expense)/income: Items that are or may be reclassified subsequently to profit and loss</b>			
Actuarial (losses)/gains on pension scheme	14	(6,348)	6,266
Current tax deductions allocated to actuarial losses	13	(227)	233
Movement on deferred tax relating to pension deficit	13	1,142	(1,789)
<b>Other comprehensive (expense)/income for the year, net of tax</b>		<b>(5,433)</b>	<b>4,710</b>
<b>Total comprehensive expense for the year</b>		<b>(1,464)</b>	<b>(7,721)</b>

The notes on pages 14 to 32 form an integral part of these financial statements.

**Bosch Lawn and Garden Limited**  
**Annual report and financial statements**  
**31 December 2016**

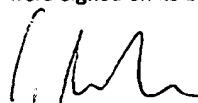
**Balance Sheet**

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

	Note	As at 31 December 2016	As at 31 December 2015
<b>Fixed assets</b>			
Tangible assets	9	7,601	7,603
		<b>7,601</b>	<b>7,603</b>
<b>Current assets</b>			
Stocks	10	7,066	10,549
Debtors (including £4,446 (2015: £3,090) due after more than one year)	11	27,146	28,875
		<b>34,212</b>	<b>39,424</b>
<b>Creditors : amounts falling due within one year</b>	12	<b>(13,638)</b>	<b>(35,938)</b>
<b>Net current assets</b>		<b>20,574</b>	<b>3,486</b>
<b>Total assets less current liabilities</b>		<b>28,175</b>	<b>11,089</b>
<b>Pension liability</b>	14	<b>(22,715)</b>	<b>(17,165)</b>
<b>Net assets / (liabilities) including pension liability</b>		<b>5,460</b>	<b>(6,076)</b>
<b>Capital and reserves</b>			
Called up share capital	15	8,907	8,907
Share premium account		975	975
Capital reserve		55,000	42,000
Profit and loss account		(59,422)	(57,958)
<b>Total shareholders' funds/(deficit)</b>		<b>5,460</b>	<b>(6,076)</b>

The notes on pages 14 to 32 form an integral part of these financial statements.

The financial statements on pages 10 to 32 were approved by the Board of Directors on 27 September 2017 and were signed on its behalf by:



Mr S Blackwell  
Director

**Bosch Lawn and Garden Limited**  
**Registered no. 3073491**

## **Statement of Changes in Equity for the year ended 31 December 2016**

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

	Note	Called up share capital	Share premium account	Capital reserve	Profit and loss account	Total share- holders' funds/ (deficit)
Balance as at 1 January 2015		8,907	975	42,000	(50,237)	1,645
Loss for the financial year					(12,431)	(12,431)
<b>Other comprehensive (expense)/income for the year:</b>						
Actuarial gains on pension scheme	14				6,266	6,266
Current tax deductions allocated to actuarial losses					233	233
Movement on deferred tax relating to pension deficit	13				(1,789)	(1,789)
<b>Total comprehensive expense for the year</b>					(7,721)	(7,721)
<b>Balance as at 31 December 2015</b>		<b>8,907</b>	<b>975</b>	<b>42,000</b>	<b>(57,958)</b>	<b>(6,076)</b>
<b>Balance as at 1 January 2016</b>		<b>8,907</b>	<b>975</b>	<b>42,000</b>	<b>(57,958)</b>	<b>(6,076)</b>
Profit for the financial year					3,969	3,969
<b>Other comprehensive (expense) for the year:</b>						
Actuarial losses on pension scheme	14				(6,348)	(6,348)
Current tax deductions allocated to actuarial losses					(227)	(227)
Movement on deferred tax relating to pension deficit	13				1,142	1,142
<b>Total comprehensive expense for the year</b>					(1,464)	(1,464)
<b>Capital injection</b>				<b>13,000</b>		<b>13,000</b>
<b>Balance as at 31 December 2016</b>		<b>8,907</b>	<b>975</b>	<b>55,000</b>	<b>(59,422)</b>	<b>5,460</b>

The notes on pages 14 to 32 form an integral part of these financial statements.

## Notes to the financial statements

(All amounts in £ thousands unless otherwise stated)

### 1 Accounting policies

Bosch Lawn and Garden Limited is a private limited company incorporated and domiciled in the United Kingdom.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Robert Bosch GmbH includes the Company in its consolidated financial statements. The consolidated financial statements of Robert Bosch GmbH are available to the public and may be obtained from Robert Bosch GmbH, Robert Bosch Platz 1, Gerlingen-Schillerhöhe, D-70049 Stuttgart, Germany.

The financial statements of Bosch Lawn and Garden 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, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

In these financial statements the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- comparative period reconciliations for tangible fixed assets, intangible assets and investment properties;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- an additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy; and
- disclosures in respect of the compensation of Key Management Personnel.

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

- certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- disclosures required by IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;
- certain disclosures required by IFRS 3 *Business combinations* in respect of the business combinations by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

Judgements have been made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

## **Notes to the financial statements (continued)**

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

### **1.1 Measurement convention**

The financial statements are prepared under the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as fair value through the profit or loss or as available for sale and investment property. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

### **1.2 Going concern**

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent undertaking, Robert Bosch GmbH. The directors have received confirmation that Robert Bosch GmbH intends to support the company for at least 12 months from the date of signing the financial statements.

### **1.3 Foreign currency**

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

### **1.4 Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

#### *Trade and other debtors*

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

#### *Trade and other creditors*

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at the fair value less attributable transaction cost. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

### **1.5 Intra-group financial instruments**

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.



## Notes to the financial statements (continued)

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

### 1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Certain items of fixed assets that had been revalued to fair value prior to 1 January 2015, the date of transition to FRS 101, are measured on the basis of the deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

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

- |   |   |
|---|---|
| • Long-term leasehold property and improvements | The anticipated term of the lease or a period of 10 years, whichever is shorter |
| • Plant, equipment and furniture                | 3-10 years  |

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

### 1.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first-in first out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

### 1.8 Impairment excluding stocks, investment properties and deferred tax assets

#### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### *Non-financial assets*

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

## Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset of cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "Cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU") Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are segregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of other assets in the unit (group of units) on a pro-rate basis.

An impairment loss in respect of goodwill is reversed if and only if the reasons for the impairment have ceased to apply.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 1.9 Employee benefits

#### *Defined contribution plans*

A defined contribution plan is a post-employment benefit under which the company pays fixed contributions into a separate legal entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution benefit plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated (separately for each plan) by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted.

The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least A that have maturity dates approximating the terms of the Company's obligations and that are determined in the currency in which the benefits are expected to be paid.

## **Notes to the financial statements (continued)**

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

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Company's employees are members of a defined benefit pension plan that incorporates several of the Bosch UK entities. The net defined benefit cost of the plan is charged to participating entities with reference to actual employer contributions to scheme assets and actuarial valuations of the pension liability based on members of the participating employer.

### **Short-term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **Termination benefits**

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

### **1.10 Provisions**

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

### **1.11 Turnover**

Turnover from the supply of products and goods or from the provision of services is recognised when title and risk is transferred to the purchaser, less sales deductions.

### **1.12 Expenses**

#### **Operating lease payments**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

## Notes to the financial statements (continued)

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

### *Interest receivable and interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit and loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

### **1.13 Taxation**

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value deferred tax is provided at the rate applicable to the sale of the property except for that part of the property that is depreciable and the Company's business model is to consume substantially all of the value through use. In the latter case the tax rate applicable to income is used.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

## **2 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.

## **Notes to the financial statements (continued)**

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

**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 9 for the carrying amount of the property, plant and equipment and note 1.6 for the useful economic lives for each class of assets.

**b) Impairment of trade receivables**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and the historical experience. See note 11 for the net carrying amount of the receivables and associated impairment provision.

**c) Defined benefit pension**

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 14 for the disclosures of the defined benefit pension scheme.

## **3 Turnover**

<b>Analysis of revenue by activity:</b>	<b>2016</b>	<b>2015</b>
Sale of goods	106,251	172,971
Rendering of services	21,701	846
	<b>127,952</b>	<b>173,817</b>

<b>Analysis of revenue by geographical market:</b>	<b>2016</b>	<b>2015</b>
United Kingdom	58,137	59,134
Rest of world	69,815	114,683
	<b>127,952</b>	<b>173,817</b>

## Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

### 4 Operating profit

Operating profit / (loss) is stated after charging / (crediting):

	2016	2015
Net profit from disposal of assets	222	(25)
Net foreign exchange losses	856	(1,305)
	<b>1,078</b>	<b>(1,330)</b>

Depreciation of owned tangible fixed assets:	2,245	3,364
Operating lease charges:		
- Plant and machinery	193	188
- Other	498	647

#### Auditors' remuneration

	2016	2015
Audit of these financial statements	28	28
Amounts receivable by the Company's auditors and its associates in respect of:		
All assurance services	50	42
All non-audit services	40	43
	<b>118</b>	<b>113</b>

Amounts receivable by the Company's auditors and its associates in respect of the audit of the financial statements of the associated pension schemes is £nil (2015: £nil).

### 5 Staff numbers and costs

The average monthly number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

By activity	2016 Number	2015 Number
Production	183	181
Distribution	58	53
Administration	133	141
	<b>374</b>	<b>375</b>

## Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

The aggregate payroll costs of these persons was as follows:

	2016	2015
Wages and salaries	12,845	12,950
Social security costs	1,246	1,337
Contributions to defined contribution plans	485	452
Expenses related to defined benefit plans	617	782
	15,193	15,521

## 6 Directors' remuneration

	2016	2015
Directors' remuneration	294	622
Company contributions to money purchase plans	5	15
	299	637

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £202 (2015: £119), and Company pension contributions of £0 (2015: £0) were made to a money purchase scheme on his behalf.

	Number of directors	
	2016	2015
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1
Defined benefit schemes	-	-

## 7 Other interest receivable/payable and similar income

	2016	2015
Net interest on defined benefit pension plan liabilities	(617)	(898)
Foreign exchange	32	37
Intercompany interest payable	(85)	(10)
Total other interest payable and similar charges	(670)	(871)

Interest receivable and similar income includes income from group undertakings of £nil (2015: £nil).

## Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

### 8 Tax on profit/(loss)

Recognised in the profit and loss account

	2016	2016	2015	2015
<i>UK corporation tax</i>				
Current tax on income for the year	535		(3,224)	
Adjustments in respect of prior periods	(414)		(20)	
<b>Total current tax</b>		<b>121</b>		<b>(3,244)</b>
<i>Deferred tax (see note 13)</i>				
Origination and reversal of timing differences	274		16	
Recognition of previously unrecognised tax losses	10		81	
<b>Total deferred tax</b>		<b>284</b>		<b>97</b>
<b>Tax on profit/(loss) on ordinary activities</b>		<b>405</b>		<b>(3,147)</b>

Tax charge for the year is lower (2015: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2016 of 20.00% (2015: 20.25%). The differences are explained below:

Reconciliation of effective tax rate

	2016	2015
Profit/(loss) for the financial year	3,969	(12,431)
Tax on profit/(loss) on ordinary activities	(405)	3,147
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>4,374</b>	<b>(15,578)</b>
Tax using the corporation tax rate of 20.00% (2015: 20.25%)	875	(3,155)
Non-deductible expenses	33	148
Decelerated capital allowances	(86)	144
Re-measurement of deferred tax	284	(136)
Adjustment for pension	(287)	(128)
Adjustments in respect of prior periods	(414)	(20)
<b>Total tax charge/(credit)</b>	<b>405</b>	<b>(3,147)</b>

The tax rate for the current year is lower than the prior year due to changes in the Corporation tax rate which decreased from 21.00% to 20.00% from 1 April 2015.



## Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

Changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

### 9 Tangible assets

	Plant and machinery	Fixtures, fittings, tools and equipment	Under construction	Total
<b>Cost</b>				
Balance at 1 January 2016	7,613	27,848	1,595	37,056
Additions	342	1,247	2,173	3,762
Transfers	71	838	(909)	-
Disposals	(79)	(6,097)	-	(6,176)
Balance at 31 December 2016	7,947	23,836	2,859	34,642
<b>Accumulated depreciation and impairment</b>				
Balance at 1 January 2016	6,234	23,219	-	29,453
Depreciation charge for the year	501	1,744	-	2,245
Disposals	(3)	(4,654)	-	(4,657)
Balance at 31 December 2016	6,732	20,309	-	27,041
<b>Net book value</b>				
At 31 December 2015	1,379	4,629	1,595	7,603
At 31 December 2016	1,215	3,527	2,859	7,601

## **Notes to the financial statements (continued)**

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

### **10 Stocks**

	<b>2016</b>	<b>2015</b>
Raw materials and consumables	<b>6,590</b>	<b>9,424</b>
Work in progress	<b>330</b>	<b>408</b>
Finished goods and goods for resale	<b>146</b>	<b>717</b>
	<b>7,066</b>	<b>10,549</b>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £87,372 (2015: £147,797). The write-down of stocks to net realisable value amounted to £688 (2015: £381). The reversal of write-downs amounted to £1,176 (2015: £800). The write-down and reversal are included in cost of sales.

### **11 Debtors**

	<b>2016</b>	<b>2015</b>
Amounts owed by group undertakings	<b>19,385</b>	<b>21,939</b>
Other debtors	<b>2,360</b>	<b>-</b>
Deferred tax assets (see note 13)	<b>4,446</b>	<b>3,815</b>
Corporation tax	<b>528</b>	<b>2,805</b>
Prepayments and accrued income	<b>427</b>	<b>316</b>
	<b>27,146</b>	<b>28,875</b>
Due within one year	<b>22,700</b>	<b>25,785</b>
Due after more than one year	<b>4,446</b>	<b>3,090</b>

### **12 Creditors: amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
Trade creditors	<b>5,991</b>	<b>9,590</b>
Amounts owed to group undertakings	<b>4,272</b>	<b>20,446</b>
Taxation and social security	<b>165</b>	<b>496</b>
Other creditors	<b>134</b>	<b>252</b>
Accruals and deferred income	<b>3,076</b>	<b>5,154</b>
	<b>13,638</b>	<b>35,938</b>

## Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

### 13 Deferred tax assets and liabilities

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
Tangible fixed assets	(584)	(708)	-	-	(584)	(708)
Other	-	(17)	-	-	-	(17)
Pension	(3,862)	(3,090)	-	-	(3,862)	(3,090)
Tax assets	(4,446)	(3,815)	-	-	(4,446)	(3,815)
Net of tax assets	-	-	-	-	-	-
Net tax (assets)/liabilities	(4,446)	(3,815)	-	-	(4,446)	(3,815)

#### Movement in deferred tax assets during the year

	1 January 2016	Recognised in income	Recognised in equity	31 December 2016
Tangible fixed assets	(708)	124	-	(584)
Other	(17)	17	-	-
Pension	(3,090)	143	(915)	(3,862)
Net tax (assets)/liabilities	(3,815)	284	(915)	(4,446)

#### Movement in deferred tax assets during the prior year

	1 January 2015	Recognised in income	Recognised in equity	31 December 2015
Tangible fixed assets	(709)	1	-	(708)
Other	(9)	(8)	-	(17)
Pension	(4,789)	143	1,556	(3,090)
Tax (assets) and liabilities	(5,507)	136	1,556	(3,815)
Net of tax liabilities/(assets)	-	-	-	-
Net tax (assets)/liabilities	(5,507)	136	1,556	(3,815)

## Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

### 14 Employee benefits

The Company operates a number of 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 pension charge for the year was £617 (2015: £782). No prepayments or accruals have been made in respect of this scheme (2015: £Nil).

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

#### Defined benefit scheme

The Company participates in a defined benefit scheme providing benefits based on final pensionable pay that runs for Bosch group companies called the Bosch UK Retirement Benefits Scheme (BUK RBS). The assets of pension scheme are held separately from those of the Company. The amounts in the financial statements, relating to this pension scheme, are based on a full actuarial valuation dated 31 December 2016. It was agreed by the companies participating in the scheme that the assets and liabilities would be allocated as follows:

Changes in scheme assets / liabilities	Treatment
Current service cost	Actual
Member contributions	Actual
Past benefit costs/curtailments	Actual
Interest cost	Apportionment based on beginning of year scheme liabilities and current service cost, member contributions and benefits paid over year
Employer and member contributions	Actual
Benefits paid	Actual
Expected return on assets	Apportionment based on beginning of year scheme assets and contributions net of benefits paid over the year
Actuarial gains/(losses)	Apportionment in line with expected return

The actuarial valuation of BUK RBS described above used the projected unit basis and has been updated at 31 December 2016 by a qualified independent actuary, AON Hewitt, using revised assumptions that are consistent with the requirements of IAS19 *Employee Benefits*. Under the definitions set out in IAS19, the BUK RBS is a multi-employer pension scheme. The deficit for the scheme as a whole at 31 December 2016 is £22,715 (2015: £17,165).

The information disclosed below is in respect of the whole of the plan for which the company is either the sponsoring employer or has been allocated a share of the cost under an agreed group policy throughout the periods shown.

## Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

### Movements in net defined liability

	Defined benefit obligation		Fair value of plan assets		Net defined liability	
	2016	2015	2016	2015	2016	2015
Balance at 1 January	(59,022)	(65,532)	41,857	41,587	(17,165)	(23,945)
Included in profit or loss:						
Interest (cost)/income	(2,182)	(2,166)	1,565	1,383	(617)	(783)
	(61,204)	(67,698)	43,422	42,970	(17,782)	(24,728)
Included in OCI:						
Remeasurements (loss)/gain:						
Actuarial gain/(loss) arising from						
- Changes in demographic assumptions	-	(334)	-	-	-	(334)
- Changes in financial assumptions	(12,858)	6,021	-	-	(12,858)	6,021
- Experience adjustment	674	1,212	-	-	674	1,212
Return on plan assets excluding interest income	-	-	5,836	(633)	5,836	(633)
	(73,388)	(60,799)	49,258	42,337	(24,130)	(18,462)
Other						
Contributions paid by the employer	-	-	1,415	1,297	1,415	1,297
Benefits paid	1,679	1,777	(1,679)	(1,777)	-	-
Balance at 31 December	(71,709)	(59,022)	48,994	41,857	(22,715)	(17,165)

### Plan assets

The fair value of the plan assets was:

	2016	2015
Equity instruments	21,299	17,205
Debt instruments	24,238	21,404
Insurance contracts	2,501	2,380
Other	956	868
Total	48,994	41,857

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and AAA- or AA-rated. All other plan assets are not quoted in an active market.

## Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

### Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2016 %	2015 %
Discount rate at 31 December	2.70	3.75
Future salary increases	2.90	2.70
Future pension increases		
RPI (min 0%, max 5%)	3.30	3.15
RPI (min 3%, max 5%)	3.70	3.60
RPI (min 0%, max 3%)	2.60	2.55
Inflation	2.40	2.20

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

	Male (Years)	Female (Years)
Current pensioner at age 65:	22.0	24.8
Future retiree aged 45 upon reaching 65:	23.7	26.7

### Sensitivity analysis

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

	2016	2015
Discount rate at 31 December – 2.70% (2015: 3.75%)	71,709	59,023
Discount rate at 31 December – 3.20% (2015: 4.25%)	65,709	54,547
Discount rate at 31 December – 2.20% (2015: 3.25%)	78,414	63,992

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 1 January 2015 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst an analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

## Notes to the financial statements (continued)

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

### 15 Capital and reserves

#### Called up share capital

In thousands of shares	Ordinary shares	
	2016	2015
On issue at 1 January	8,907	8,907
On issue at 31 December – fully paid	8,907	8,907
<b>Allotted, called up and fully paid</b>		
	<b>2016</b>	<b>2015</b>
Ordinary shares of £1 each	8,907	8,907
	<b>8,907</b>	<b>8,907</b>

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.

#### Dividends

No dividends have been paid or proposed in 2016 (2015: £Nil).

#### Capital Reserves

During 2016, the immediate parent company issued a nonredeemable capital contribution of £13,000 in order to support the business and ensure balance sheet stability.

## **Notes to the financial statements (continued)**

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

### **16 Operating leases**

At 31 December 2016, the company had aggregate commitments under non-cancellable operating leases as follows:

	<b>2016</b>	<b>2015</b>
<i>Land and buildings:</i>		
Less than one year	<b>119</b>	<b>380</b>
Between one and five years	<b>283</b>	<b>344</b>
More than five years	<b>-</b>	<b>133</b>
	<b>402</b>	<b>857</b>
<i>Other:</i>		
Less than one year	<b>96</b>	<b>116</b>
Between one and five years	<b>125</b>	<b>145</b>
More than five years	<b>-</b>	<b>-</b>
	<b>221</b>	<b>261</b>
	<b>623</b>	<b>1,118</b>

During the year £691 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £835).

### **17 Commitments**

#### *Capital commitments*

During the year ended 31 December 2016, the Company entered into contracts to purchase property, plant and equipment for £1,030 (2015: £2,723). These commitments are expected to be settled in the following financial year. Of this amount, £792 (2015: £2,046) was related to product tooling.

### **18 Related parties**

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.



## Notes to the financial statements (continued)

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

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### 19 Ultimate parent Company and parent Company of larger group

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.

### 20 Subsequent events

Subsequent to the balance sheet date, there were no events that are not disclosed in these financial statements.