

ETAS Limited

Annual report and financial statements for the year ended 31 December 2018



Company Number: 3383737

Incorporated: 9 June 1997

Company information for the year ended 31 December 2018

Directors	B. Hergert S. Hoffmann N. Keeling
Company secretary	J. Burton
Company number	3383737
Registered office	Bacchus House Osballdwick Link Road York YO10 3JB
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Harefield Rd, Uxbridge UB8 1EX

Contents

	Page
Strategic report	3
Directors' report	5
Independent auditors' report to the members of ETAS Limited	8
Income statement for the year ended 31 December 2018	11
Statement of financial position	12
Statement of changes in equity for the year ended 31 December 2018	13
Notes to the financial statements	14

Strategic report for the year ended 31 December 2018

(All amounts in £ unless otherwise stated)

The directors present their strategic report for the year ended 31 December 2018.

Principal activities

The company's revenue arises solely from its principal activity being the provision of engineering and sales support services to ETAS GmbH and ESCRYP T GmbH (fellow subsidiary companies of Robert Bosch GmbH).

Review of the business

ETAS Limited has seen a growth in business over the year ending December 2018. The growth can be attributed to an increase in engineering services provided to ETAS GmbH who are expanding their product portfolio in the area of AUTOSAR development solutions and requesting ETAS Limited. to perform more engineering to support their mainstream Measurement and Calibration products. Revenue earned from sales support activity and engineering for ESCRYP T GmbH remains constant.

Strategically and commercially the risk faced by ETAS Limited is quite small as long as ETAS GmbH continue to be active in the Embedded Software Component market, indeed, the increasing proportion of Measurement & Calibration support work (core business of ETAS GmbH) means the risk for ETAS Limited could be thought to have reduced. Operationally ETAS Limited faces no risks greater than any other company dependent upon IT/Computing resources – loss of power etc., would negatively impact operation. However, a comprehensive disaster recovery plan is in place for such eventualities. Financially ETAS Limited has the benefit of being a subsidiary of the Robert Bosch GmbH organisation – this means it has the backing of a large parent organisation capable of absorbing major shocks.

The statement of financial position at the end of the year decreased to £1,454,241 (2017: £6,115,990) upon prior year. The improvement in line with the growth in business was offset by the dividend payment of £5.3m during the year. The company's cash balance together with the bill back model of cost plus 5% means that ETAS Limited does not rely on 3rd party finance providers to fund the business. Property, plant and equipment has increased due to the growth in number of employees requiring more office furniture.

Principal risks and uncertainties

The principal risks and uncertainties to the company are wholly borne by a fellow group company, ETAS GmbH, and therefore these are disclosed within that company's financial statements, which are publically available.

Key performance indicators

The company considers the most significant KPI to be profit before income tax. The profit before income tax for the company in 2018 is £774,691 (2017: £509,255) based on revenue of £7,506,574 (2017: £6,083,930)

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.

Strategic report for the year ended 31 December 2018 (continued)

(All amounts in £ unless otherwise stated)

Going concern

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.

By order of the board



J. Burton
Company Secretary

24 April 2019

Directors' report for the year ended 31 December 2018

(All amounts in £ unless otherwise stated)

The directors present their report and the audited financial statements of the company for the year ended 31 December 2018.

Future developments

The company's overriding objective is to achieve attractive and sustainable rates of growth and returns through organic growth. This will be achieved by developing new products and improving the current extensive range of products.

Proposed dividend

It is company policy to pay dividend at 100% of Profit for the Year, so long as the company has retained earnings. Therefore, a dividend of £638,251 is proposed in respect of year ended 31 December 2018. A dividend of £5.3m was paid during the year in respect of the previous year ended 31 December 2017. This was the first time the company had paid a dividend because up until an equity restructure was performed during the course of the financial year, it was in an accumulated losses position.

During the course of the financial year, the Company effected a reduction of the amount standing to the credit of the Company's share premium account in accordance with the solvency statement procedure for private limited companies set out in sections 641 to 644 inclusive of the Companies Act 2006. The amount standing to the credit of the Company's share premium account, £10,460,931 was reduced by £9,695,403 to £765,528. Following the reduction of capital, a dividend of £5,300,000 was paid to the Company's immediate parent company

Political donations and political expenditure

There were no political donations during the year (2017: £Nil).

Directors

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

B. Hergert
S. Hoffman
N. Keeling

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

ETAS Limited is a part of the worldwide Bosch group, a leading supplier of technology and services with operations in the Automotive Technology, Industrial Technology, Consumer Goods, and Energy and Building Technology sectors.

ETAS Limited designs and develops software solutions and tools for the automotive industry from their sites in York and Derby. Meeting the needs of clients in the fast-changing and technologically sophisticated automotive industry means that the ETAS group are constantly faced with new demands for robust software for ECUs, whilst the systems they control increase in complexity. This requires investment in a strong Research and Development (R&D) capacity with enough flexibility to outperform rival offerings.

Directors' report for the year ended 31 December 2018 (continued)

(All amounts in £ unless otherwise stated)

In addition to their internal culture of innovation, the ETAS group is an active participant in various industry networks and conferences on the latest in automotive technology. In recent years, the ETAS group has hosted a "Driving Innovation" summit with colleagues from other Bosch engineering companies. These summits have focussed on automotive system development, further demonstrating that Bosch companies are actively committed to supporting and promoting innovation in the UK automotive industry.

The value charged to the Income Statement for 2018 was £230,745 which includes the 2017 true-up adjustment of £55,745 and 2018 estimate of £175,000 (2017: £190,836)

Events after the end of the reporting period

Subsequent to the date of the statement of financial position, there were no events that are not disclosed in these financial statements.

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.

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.

Directors' report for the year ended 31 December 2018 (continued)

(All amounts in £ unless otherwise stated)

Statement of directors' responsibilities in respect of the financial statements

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 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.

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.

Director's Confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the board



J. Burton
Company Secretary

24 April 2019

Independent auditors' report to the members of ETAS Limited

Report on the audit of the financial statements

Opinion

In our opinion, ETAS Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the income statement and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Independent auditors' report to the members of ETAS Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' 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 ETAS Limited (continued)

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.



Alex Hookway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

25 April 2019

Income statement for the year ended 31 December 2018

(All amounts in £ unless otherwise stated)

		Year ended 31 December	
		2018	2017
Continuing operations	Note		
Revenue	4	7,506,574	6,083,930
Administrative expenses		(6,994,996)	(5,775,991)
Operating profit	5	511,578	307,939
Finance income	7	263,113	201,316
Profit before income tax		774,691	509,255
Income tax (expense)/credit	8	(136,440)	538,799
Profit for the financial year		638,251	1,048,054

The notes on pages 14 to 28 are an integral part of these financial statements.

All activity is derived from continuing operations.

There is no other comprehensive income for 2018 or 2017 and therefore no statement of comprehensive income has been presented.

Statement of financial position

(All amounts in £ unless otherwise stated)

	Note	As at 31 December	
		2018	2017
Non current assets			
Property, plant and equipment	9	166,981	100,979
Deferred tax asset	10	453,655	584,039
		620,636	685,018
Current assets			
Trade and other receivables (including £nil (2017: £nil) due after more than one year)	11	779,258	857,605
Cash and cash equivalents		1,946,857	5,519,487
		2,726,115	6,377,092
Creditors : amounts falling due within one year	12	(1,812,510)	(866,120)
Net current assets		913,605	5,510,972
Total assets less current liabilities		1,534,241	6,195,990
Provisions for liabilities	13	(80,000)	(80,000)
Net assets		1,454,241	6,115,990
Equity			
Ordinary shares	15	144	144
Share premium	15	765,528	10,460,931
Retained earnings/(accumulated losses)		688,569	(4,345,085)
Total shareholders' funds		1,454,241	6,115,990

The notes on pages 14 to 28 are an integral part of these financial statements.

The financial statements on pages 11 to 28 were authorised for issue by the board of directors on 24 April 2019 and were signed on its behalf.



Dr. S. Hoffmann
Director

ETAS Limited
Registered no. 3383737

Statement of changes in equity for the year ended 31 December 2018

(All amounts in £ unless otherwise stated)

	Called-up share capital	Share premium	(Accumulated Losses)/ Retained Earnings	Total
Balance as at 1 January 2017	144	10,460,931	(5,393,139)	5,067,936
Profit for the financial year	-	-	1,048,054	1,048,054
Total comprehensive income for the year	-	-	1,048,054	1,048,054
Balance as at 31 December 2017	144	10,460,931	(4,345,085)	6,115,990
 Balance as at 1 January 2018	 144	 10,460,931	 (4,345,085)	 6,115,990
Profit for the financial year	-	-	638,251	638,251
Total comprehensive income for the year	-	-	638,251	638,251
Dividends	-	-	(5,300,000)	(5,300,000)
Capital restructure (note 15)	-	(9,695,403)	9,695,403	-
Total transactions with owners, recognised directly in equity	-	(9,695,403)	4,395,403	(5,300,000)
Balance as at 31 December 2018	144	765,528	688,569	1,454,241

The notes on pages 14 to 28 are an integral part of these financial statements.

Notes to the financial statements

(All amounts in £ unless otherwise stated)

1 General information

ETAS Limited provides engineering and sales support service to ETAS GmbH and ESCRIPT GmbH (fellow subsidiary companies of Robert Bosch GmbH).

The company is a private limited company and is incorporated and domiciled in the United Kingdom.

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 ETAS 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.

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, are disclosed in note 0.

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- 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).
- 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'.
- 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).

Notes to the financial statements (continued)

(All amounts in £ unless otherwise stated)

- 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 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. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

2.2 Consolidation

The company is a wholly owned subsidiary of Robert Bosch UK Holdings Limited and of its ultimate parent, Robert Bosch GmbH. It is included in the consolidated financial statements of Robert Bosch GmbH, which are publicly available. Therefore the company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is Robert Bosch GmbH, Robert Bosch Platz 1, Gerlingen-Schillerhöhe, D-70049 Stuttgart, Germany.

These financial statements are separate financial statements.

2.3 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.

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. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income'.

2.4 Property, plant and equipment

All 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on 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:

–Property Plant and Equipment 3 years

Notes to the financial statements (continued)

(All amounts in £ unless otherwise stated)

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 (note 2.5).

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.

When revalued assets are sold, the amounts included in revaluation reserve are transferred to retained earnings.

2.5 Impairment of non-financial assets

Assets carried at amortised cost

The company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2.6 Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.8 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.9 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.10 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'

Notes to the financial statements (continued)

(All amounts in £ unless otherwise stated)

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 the 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.

2.11 Employee benefits

The company operates various post-employment schemes, including defined contribution pension plans and post-employment medical plans.

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.

2.12 Provisions

Provisions 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. Reorganisation provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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.

Notes to the financial statements (continued)

(All amounts in £ unless otherwise stated)

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.

2.13 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.

Sale of services

The company sells software engineering services to two other companies within the Bosch group (ETAS GmbH and Escrypt GmbH). For sales of services, revenue is recognised in the accounting period in which the services are rendered, by reference to a monthly cost plus 5% sales invoice.

2.14 Interest income

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.

2.15 Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.16 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.

2.17 Financial guarantees

Financial guarantees are initially recognised at fair value and are subsequently measured at the higher of (a) the amount determined in accordance with IAS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with IAS 18.

Notes to the financial statements (continued)

(All amounts in £ unless otherwise stated)

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.

3.1 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 9 for the carrying amount of the property, plant and equipment and note 2.4 for the useful economic lives for each class of assets.

b) Research and Development Expenditure Credit (RDEC)

The company qualifies for RDEC and makes an estimate of the amount receivable based on number of employees, their hourly rate and time spent working on qualifying projects. The estimate reflects the information available at the year-end.

Notes to the financial statements (continued)

(All amounts in £ unless otherwise stated)

4 Revenue

Analysis of revenue by geography:

	2018	2017
Germany	7,506,574	6,083,930
	7,506,574	6,083,930

Analysis of revenue by category:

	2018	2017
Rendering of services	7,506,574	6,083,930
	7,506,574	6,083,930

5 Operating Profit

Operating profit is stated after charging:

	2018	2017
Wages and salaries	4,329,010	3,532,212
Social security costs	477,850	425,875
Other pension costs (note 14)	225,869	187,218
Staff costs	5,032,729	4,145,305
Depreciation of owned tangible assets	69,086	102,855
Operating lease expenses	267,775	202,327
Audit fees payable to the company's auditor	18,300	18,300

Notes to the financial statements (continued)

(All amounts in £ 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:

By activity	2018 Number	2017 Number
Production / Engineering	68	57
Selling and distribution	4	4
Administration	3	3
	75	64

Directors

The directors' emoluments were as follows:

	2018	2017
Aggregate emoluments	125,595	118,087

Post-employment benefits are accruing for £19,080 (2017: £18,561) directors under a defined contribution scheme.

Highest paid director

The highest paid director's emoluments were as follows:

	2018	2017
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	125,595	118,087
Defined contribution scheme:		
- accrued pension at the end of the year	19,080	18,561

7 Interest income and expense

Finance income

	2018	2017
Bank interest income	32,368	10,480
Total interest income on financial assets measured at fair value through profit and loss	32,368	10,480
Research and development expenditure credit	230,745	190,836
Total finance income	263,113	201,316

Notes to the financial statements (continued)

(All amounts in £ unless otherwise stated)

8 Income tax

Tax expense/(credit) included in profit or loss:

	2018	2017
Current tax:		
- UK corporation tax on profits for the year	6,056	1,891
- Adjustment in respect of prior periods	-	-
Total current tax	6,056	1,891
Deferred tax:		
- Origination and reversal of timing differences	120,903	(537,054)
- Impact of change in tax rate	-	(10,379)
- Adjustments in respect of prior periods	9,481	6,743
Total deferred tax	130,384	(540,690)
Tax on profit	136,440	(538,799)

Tax charge/(credit) for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2018 of 19.00% (2017: 19.25%). The differences are explained below:

	2018	2017
Profit before taxation	774,691	509,255
Profit multiplied by the standard rate of tax in the UK of 19.00% (2017: 19.25%)	147,192	98,014
Effects of:		
- Remeasurement of deferred tax – change in UK tax rate	(14,224)	1,364
- Adjustments in respect of prior periods	9,481	6,743
- Recognition of previously unrecognised tax losses	-	(637,708)
- Expenses not deductible for tax purposes	37,833	6,422
- Tax exempt revenues	(43,842)	(13,634)
Tax charge/(credit)	136,440	(538,799)

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate which decreased from 20.00% to 19.00% from 1 April 2017.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17.00% from 1 April 2020. Deferred taxes at the date of the statement of financial position have been measured using these enacted rates and are reflected in these financial statements.

Notes to the financial statements (continued)

(All amounts in £ unless otherwise stated)

9 Property, plant and equipment

	Plant and machinery	Total
At 1 January 2018		
Cost or valuation	946,901	946,901
Accumulated depreciation and impairment	(845,922)	(845,922)
Net book amount	100,979	100,979
Year ended 31 December 2018		
Additions	137,192	137,192
Disposals	(2,104)	(2,104)
Depreciation	(69,086)	(69,086)
Closing net book amount	166,981	166,981
At 31 December 2018		
Cost or valuation	804,147	804,147
Accumulated depreciation and impairment	637,166	637,166
Net book amount	166,981	166,981

10 Deferred tax asset

Deferred tax assets	Trade Losses	Property, plant and equipment	Employee benefits	Provisions	Total
At 1 January 2017	-	26,666	4,273	12,410	43,349
Credited to the income statement	537,236	(1,829)	2,053	3,230	540,690
At 31 December 2017	537,236	24,837	6,326	15,640	584,039
(Charged)/credited to the income statement	(130,384)	-	-	-	(130,384)
At 31 December 2018	406,852	24,837	6,326	15,640	453,655

Notes to the financial statements (continued)

(All amounts in £ unless otherwise stated)

11 Trade and other receivables

	2018	2017
Amounts owed by group undertakings	151,919	427,549
Other receivables	73,164	27,571
Corporation tax	486,753	344,872
Prepayments and accrued income	67,422	57,613
	779,258	857,605

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

12 Creditors: amounts falling due within one year

	2018	2017
Trade creditors	84,629	39,079
Amounts owed to group undertakings	525,072	50,472
Taxation and social security	110,894	-
Accruals and deferred income	1,091,915	776,569
	1,812,510	866,120

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

13 Provisions for liabilities

	Dilapidation provision	Total
At 1 January 2018	80,000	80,000
Additions to the income statement	-	-
At 31 December 2018	80,000	80,000

Dilapidation provision

The provision for dilapidations relates to expected costs to bring the leasehold properties to their original condition under contractual obligations existing at the date of the statement of financial position.

It is expected that the majority of this expenditure will be incurred within five years of the date of the statement of financial position.

Notes to the financial statements (continued)

(All amounts in £ unless otherwise stated)

14 Post-employment benefits

The company operates a pension scheme 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:

	2018	2017
Current year contributions	225,869	187,218

At 31 December 2018 the company had outstanding contributions of £79,717 (2017: £37,210).

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

15 Share capital

Share capital

Ordinary shares

Allotted and fully paid up	2018	2017
On issue at 1 January		
- 7,200,000 ordinary shares of £0.00001 each	72	72
- 2,494,590 cumulative 'A' shares of £0.00001 each	25	25
- 4,701,374 cumulative 'C' shares of £0.00001 each	47	47
	144	144
On issue at 31 December – fully paid		
- 7,200,000 ordinary shares of £0.00001 each	72	72
- 2,494,590 cumulative 'A' shares of £0.00001 each	25	25
- 4,701,374 cumulative 'C' shares of £0.00001 each	47	47
	144	144

The ordinary shares have the right to a dividend as determined by the directors, up to the amount of the participating dividend paid on each "A" and "C" ordinary share. No dividend shall be payable on the ordinary shares unless net profit is at least three times the total of all dividends made or proposed in respect of that financial year plus any

Notes to the financial statements (continued)

(All amounts in £ unless otherwise stated)

excess benefits; there are no arrears of any other dividends; the participating dividends are paid up in full; and dividends on ordinary shares for the financial year do not exceed, in aggregate, £125,000.

The holders of ordinary shares are entitled one vote per share at meetings of the company.

The cumulative "A" ordinary shares and cumulative "C" ordinary shares carry rights to a participating dividend equal to 6% of net profit, accruing from 1 July 2003. In addition, where the directors receive "excess benefits", defined as benefits in excess of the aggregate sum set by the Compensation Committee, the cumulative "A" and cumulative "C" ordinary shares have the right to a compensatory dividend, calculated by dividing the excess benefits by the number of shares held by the directors.

The holders of cumulative "A" ordinary shares and cumulative "C" ordinary shares are entitled to one vote per share.

The holders of the cumulative "A" ordinary shares and the cumulative "C" ordinary shares may, at any time, convert the whole of their holding of cumulative "A" ordinary shares and cumulative "C" ordinary shares into a like number of ordinary shares.

On return of assets on liquidation, capital reduction, or otherwise, the assets of the company which are remaining after the payments of its liabilities shall be applied in the following order of priority:

- First, in paying £500,000 to the holders of the cumulative "A" ordinary shares;
- Second, in paying £9,200,000 to the holders of the cumulative "C" ordinary shares and £825,000 to the holders of the cumulative "A" ordinary shares;
- Third, in paying to the holders of the ordinary shares such sum per share as is equivalent to the total sum per share paid to the holders of the cumulative "A" ordinary shares;
- Fourth, in paying such additional sum per share to the holders of the cumulative "A" ordinary shares and ordinary shares such that the total amount paid per share on cumulative "A" ordinary shares and ordinary shares is equal to the amount paid on each of the cumulative "C" ordinary shares.

The balance of such assets will be distributed among the holders of the cumulative "A" ordinary shares and the ordinary shares in proportion to the amounts paid up on the shares respectively.

Capital restructure

During the course of the financial year, the Company effected a reduction of the amount standing to the credit of the Company's share premium account in accordance with the solvency statement procedure for private limited companies set out in sections 641 to 644 inclusive of the Companies Act 2006. The amount standing to the credit of the Company's share premium account, £10,460,931 was reduced by £9,695,403 to £765,528. Following the reduction of capital, a dividend of £5,300,000 was paid to the Company's immediate parent company

Dividends

Dividends are payable where profits of the company are available for distribution. Since the company performed a Capital restructure during the year, the company now has distributable reserves and is in a position to pay an annual dividend, so long as the company continues to be profit making. It is company policy to pay dividend at 100% of Profit for the Year.

Notes to the financial statements (continued)

(All amounts in £ unless otherwise stated)

16 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 2018 amounted to £41,959 (2017: £101,363).

17 Capital and other commitments

Capital commitments

There are no capital commitments outstanding at the end of the financial year (2017: nil).

Other commitments

At 31 December, the company had the following future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
Land and buildings:		
Not later than one year	108,228	126,564
Later than one year and not later than five years	304,250	407,600
Later than five years	-	-
	412,478	534,164
Other:		
Not later than one year	88,358	102,277
Later than one year and not later than five years	122,285	133,633
	210,643	235,910
	623,121	770,074

During the year £267,775 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £202,327).

18 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.

Notes to the financial statements (continued)

(All amounts in £ unless otherwise stated)

19 Controlling parties

The immediate parent undertaking is Robert Bosch UK Holdings 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.

20 Events after the end of the reporting period

Subsequent to the date of the statement of financial position, there were no events that are not disclosed in these financial statements.