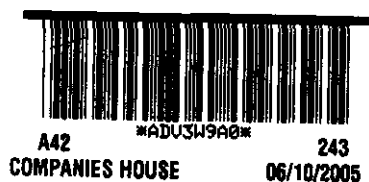


Boulter Buderus Limited
Annual report for the year ended
31 December 2004

Registered Number 03786883



Boulter Buderus Limited

Annual report and financial statements for the year ended 31 December 2004

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Boulter Buderus Limited

Directors and advisers for the year ended 31 December 2004

Directors

C J Yates
K Thompson
M C Park
R A Soper

Secretary

J C Hind

Registered office

Magnet House
30 White House Road
Ipswich
Suffolk
IP1 5JA

Auditors

PricewaterhouseCoopers LLP
Abacus House
Castle Park
Cambridge
CB3 0AN

Boulter Buderus Limited

Directors' report for the year ended 31 December 2004

The directors present the audited accounts for the year ended 31 December 2004.

Principal activity

The company's principal activities are the design, assembly and marketing of heating boilers and related appliances.

Review of business and future developments

The company made a trading loss after tax of £791,000 (2003: £25,000 profit)

On 31 December 2004 the company sold its tangible and intangible assets for a consideration of £2,565,130 to a fellow subsidiary company and as a result recognised an impairment charge against both its goodwill and tangible fixed assets of £4,283,000. In 2005 following a restructuring, the company will act as a contract manufacturer for BBT Thermotechnology UK Limited until production has been transferred, at which point the company will cease to trade.

Dividends and transfer to reserves

The directors do not recommend the payment of a dividend for the year ended 31 December 2004.

Directors

The directors of the company who served throughout the year to 31 December 2004 (unless otherwise stated) were:

C J Yates
C P Hayes (resigned 30 September 2004)
K Thompson
M C Park
R A Soper

Directors' interests in shares

None of the directors had any interest in the shares of the company, or in the shares of its parent company or subsidiaries during the year.

Directors' interests in contracts

Apart from contracts of employment, none of the directors had a beneficial interest in any contract to which the company was a party during the financial year.

Boulter Buderus Limited

Creditor payment policy

For all trade creditors it is the company's policy to:

- agree the terms of payment at the start of business with each supplier;
- ensure that suppliers are aware of the terms of payment; and
- pay in accordance with their agreed policy guidelines.

The company had 38 days' (2003: 47 days') purchases outstanding at 31 December 2004, based upon the average daily amount invoiced by suppliers during the year.

In accordance with its service charter, the company endeavours to pay its network of service engineers within 14 days from receipt of invoice.

Charitable contributions

The company made contributions for charitable purposes amounting to £4,351 (2003: £531). Of this total, £3,197 related to children's charities, £663 to medical charities and £491 to other charities. There were no political contributions in either year.

Research and development

The company's policy on research and development is to maintain expenditure at a level to ensure that all products retain their competitive position in the market place.

Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditor to the company will be proposed at the annual general meeting.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 year. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



J C Hind
Secretary
16 February 2005

Boulter Buderus Limited

Independent auditors' report to the members of Boulter Buderus Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in whose hands it may come save where expressly agreed by our prior consent in writing.

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

Basis of audit opinion

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

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

Opinion

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


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cambridge

18th February 2005.

Boulter Buderus Limited

Profit and loss account for the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
Turnover	2	14,438	10,766
Cost of sales		(9,464)	(6,667)
Gross profit		4,974	4,099
Net operating expenses	3	(4,725)	(3,926)
Operating profit		249	173
Exceptional items			
Closure / restructuring costs	4	(5,619)	-
Operating (loss)/profit before interest	5	(5,370)	173
Net interest payable	6	(287)	(192)
Loss on ordinary activities before taxation		(5,657)	(19)
Tax credit on ordinary activities	7	4,866	44
(Loss)/profit on ordinary activities after taxation	22	(791)	25

All of the above activities relate to continuing operations.

The company has no recognised gains or losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

Boulter Buderus Limited

Balance sheet as at 31 December 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Intangible fixed assets	11	-	5,339
Tangible assets	12	-	2,086
		-	7,425
Current assets			
Stock	13	1,211	682
Debtors	14	3,588	2,786
Cash at bank		2,371	1,149
		7,170	4,617
Creditors: amounts falling due within one year	15	(5,858)	(3,476)
Net current assets		1,312	1,141
Total assets less current liabilities		1,312	8,566
Creditors: amounts falling due after one year	16	-	(6,555)
Provision for liabilities and charges	19	(333)	(241)
Total net assets		979	1,770
Capital and reserves			
Called up share capital	21	100	100
Share premium account	22	1,900	1,900
Profit and loss account	22	(1,021)	(230)
Shareholders' funds		979	1,770

The financial statements on pages 5 to 18 were approved by the board of directors on 16 February 2005 and were signed on its behalf by:



C. J. Yates
Director

Boulter Buderus Limited

Reconciliation of movements in shareholders' funds

	2004 £'000	2003 £'000
(Loss)/profit on ordinary activities after taxation	(791)	25
Net (decrease)/increase to shareholders' funds	(791)	25
Opening shareholders' funds	1,770	1,745
Closing shareholders' funds	979	1,770

Boulter Buderus Limited

Notes to the financial statements for the year ended 31 December 2004

1 Principal accounting policies

These accounts have been prepared in accordance with applicable accounting standards in the United Kingdom.

The directors, in accordance with FRS 18, confirm that the accounting policies used by the company are the most appropriate, consistently applied and adequately disclosed.

A summary of the more important accounting policies is set out below.

Basis of accounts

The accounts are drawn up in accordance with the historical cost convention.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business net of trade discount, contractual sales discounts, settlement discounts, related variable expenses and excludes value added tax.

Income is recognised at the point where goods have been defined and invoiced and the risks and rewards attributable to the goods have passed to the purchaser. This point will normally be when such goods have been consigned for despatch or made available for customer collection. In the case of call-off orders the customer's goods remain on the company's premises.

Depreciation

Depreciation is calculated to write off the cost of fixed assets over their expected useful lives on a straight-line basis. The principal annual rates used for this purpose are as follows:

Leasehold properties	Over the shorter of the period of the lease and 50 years
Plant and equipment	4 to 10 years
Motor vehicles	4 years
Computers	3 to 5 years

Goodwill

Purchased goodwill has been capitalised as an intangible fixed asset and amortised, on the straight-line basis, over its useful economic life. During the year goodwill was reviewed and impaired to a holding value of £1,160,000 and subsequently sold to another group subsidiary.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax balances are not discounted.

Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis and comprises direct material cost, direct labour cost and attributable production overheads. Provision is made, where appropriate, for obsolete, slow moving and defective items and is based on the level of usage.

Development expenditure

Development expenditure is written off as incurred.

Boulter Buderus Limited

Foreign currencies

Assets and liabilities are translated to sterling at the rates of exchange ruling at the balance sheet date. Transactions are translated at the rate ruling at the date of the transaction. Differences arising from trading transactions are included in the profit and loss account.

Pension costs

The company operates a money purchase pension scheme. Contributions payable for the year are charged in the profit and loss account.

Finance and operating leases

Assets held under finance leases are included as tangible fixed assets and depreciated over the shorter of the lease terms or their useful lives. The net obligations relating to finance leases are included as a liability, with interest allocated over the life of the lease at a constant rate on the outstanding capital balance. Costs in respect of operating leases are charged in the profit and loss account on a straight line basis.

Warranty provision

Product warranty costs are provided for at point of sale on the basis of historic levels of claims and warranty obligations associated with the respective products on a non-discounted basis.

Cash flow statement

The company is exempt under FRS 1 (revised 1996) from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary of a parent undertaking whose consolidated statements include the cash flows of the company.

2 Turnover

The geographical analysis of turnover was:

	2004 £'000	2003 £'000
UK	14,411	10,684
Other EU	27	82
	14,438	10,766

3 Net operating expenses

	2004 £'000	2003 £'000
Administration expenses	2,671	2,394
Selling and distribution costs	2,054	1,532
	4,725	3,926

Boulter Buderus Limited

4 Exceptional items

	2004 £'000	2003 £'000
Impairment of tangible fixed assets	456	-
Impairment of goodwill	3,827	-
Loss on disposal of fixed assets	109	-
Re-structuring costs	1,227	-
	5,619	-

During the year, the decision was taken to cease production of boilers, with the workforce being made redundant. This has led to costs amounting to £1,227,000 being incurred, an impairment review of the carrying value of the goodwill was performed, resulting in an impairment charge of £3,827,000. The goodwill was subsequently transferred to a fellow group company. In addition, the land and buildings were reviewed for impairment, resulting in an impairment charge of £456,000. As part of the transfer of fixed assets, a loss on disposal of £109,000 has been incurred.

5 Loss on ordinary activities before taxation

	2004 £'000	2003 £'000
Loss on ordinary activities before taxation is stated after charging:		
Depreciation		
- leased assets	16	17
- owned assets	135	180
Amortisation of goodwill	352	383
Auditors' remuneration:		
- audit services	12	13
- non-audit services	13	4
Operating lease rentals		
- hire of plant and machinery	15	15
- other	156	118
Development expenditure	61	45

Boulter Buderus Limited

6 Net interest payable

	2004 £'000	2003 £'000
Inter group loan	318	198
Finance leases	2	3
Bank interest receivable	(33)	(9)
	287	192

7 Taxation on loss on ordinary activities

	2004 £'000	2003 £'000
UK corporation tax at a rate of 30% (2003: 30%):		
Current tax	(4,839)	-
Deferred tax movement in the period (see note 20)	(27)	(44)
	(4,866)	(44)

The tax assessed for the year differs from the standard rate of UK corporation tax of 30% (2003: 30%). The differences are explained below:

	2004 £'000	2003 £'000
Loss for the period – ordinary activities	(5,657)	(19)
Loss on ordinary activities multiplied by the standard rate of corporation tax of 30% (2003: 30%)	(11)	(6)
Loss on exceptional items at the standard rate of corporation tax	(1,686)	-
Effects of:		
Expenses not deductible for tax purposes	192	9
Carry forward of tax losses	-	(13)
Payment for group relief in excess of normal tax rates	(3,315)	-
Difference between capital allowances and depreciation	17	11
Other short-term timing differences	(36)	(1)
Current tax credit for the year	(4,839)	-

Boulter Buderus Limited

8 Directors' emoluments

Particulars of the emoluments of the company's directors are:

	2004 £'000	2003 £'000
The total emoluments accruing during the period amount to:		
Aggregate emoluments (excluding pension contributions)	311	294
Accrued pension contributions	35	27
	346	321

Benefits are accruing to three (2003: four) directors under money purchase pension schemes.

The emoluments of Mr R A Soper who is employed by BBT Thermotechnology UK Ltd., a subsidiary of Robert Bosch GmbH, was paid by this company in respect of his service to the Group as a whole. His emolument is dealt with in the accounts of that company. No emoluments are received for qualifying services in relation to Boulter Buderus Limited, and no specific recharges for his services were made.

Highest paid director

	2004 £'000	2003 £'000
Aggregate emoluments and benefits	115	100
Company contributions to money purchase pension schemes	13	8
	128	108

9 Employee information

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

	2004	2003
Production	48	57
Selling and distribution	23	13
Administration	37	37
	108	107

Employment costs for the above persons (including executive directors) were:

	2004 £'000	2003 £'000
Aggregate gross wages and salaries	2,862	2,349
Social security costs	263	207
Other pension costs	201	160
	3,326	2,716

Boulter Buderus Limited

10 Pension costs

The company operates a money purchase pension scheme. Contributions payable for the period are charged in the profit and loss account. The charge for the year amounted to £201,000 (2003: £160,000). The amount payable at period end was £19,000 (2003: £22,000)

11 Intangible assets

	Goodwill £'000
Cost	
At 31 December 2003	5,754
Additions	-
Disposals – to a fellow subsidiary	(5,754)
At 31 December 2004	-
Amortisation	
At 31 December 2003	415
Charge for the year	352
Impairment charge	3,827
Disposals – to a fellow subsidiary	(4,594)
At 31 December 2004	-
Net book value at 31 December 2004	-
Net book value at 31 December 2003	5,339

Boulter Buderus Limited

12 Tangible fixed assets

	Land and buildings, long leasehold £'000	Plant, machinery and vehicles £'000	Fixtures, fittings And tools £'000	Total £'000
Cost				
At 31 December 2003	1,750	393	169	2,312
Additions	-	9	27	36
Disposals	-	(4)	(196)	(200)
Disposals – to a fellow subsidiary	(1,750)	(398)	-	(2,148)
At 31 December 2004	-	-	-	-
Depreciation				
At 31 December 2003	38	137	51	226
Charge for the period	6	105	40	151
Impairment charge	456	-	-	456
Disposals	-	-	(91)	(91)
Disposals – to a fellow subsidiary	(500)	(242)	-	(742)
At 31 December 2004	-	-	-	-
Net book value at 31 December 2004	-	-	-	-
Net book value at 31 December 2003	1,712	256	118	2,086

Of the assets shown above, tangible fixed assets with a net book value of £ nil (2003: £20,000) were held under hire purchase agreements.

Boulter Buderus Limited

13 Stocks

	2004 £'000	2003 £'000
Raw materials	560	468
Work in progress	13	15
Finished goods	638	199
	1,211	682

14 Debtors

	2004 £'000	2003 £'000
Amounts falling due within one year:		
Trade debtors	2,990	2,360
Amount owed by group undertakings	471	-
Prepayments and accrued income	85	411
Deferred tax asset (see note 20)	42	15
	3,588	2,786

15 Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Finance leases	5	15
Trade creditors	2,115	1,533
Amounts owed to group undertakings	291	345
Taxation and social security	471	312
Other creditors	1,035	891
Accruals and deferred income	1,941	380
	5,858	3,476

Boulter Buderus Limited

16 Creditors: amounts falling due after more than one year

	2004 £'000	2003 £'000
Finance leases	-	5
Amounts owed to group undertakings	-	6,550
	-	6,555

17 Analysis of lease commitments

The annual commitments under non-cancellable operating leases are:

	Land and buildings 2004 £'000	Other 2004 £'000	Land and buildings 2003 £'000	Other 2003 £'000
For leases expiring:				
- within one year	-	12	-	4
- within two to five years	-	9	-	115
	-	21	-	119

18 Loans and other borrowings

The amounts due under finance leases and hire purchase contracts are:

	2004 £'000	2003 £'000
- within one year	5	15
- within two to five years	-	5
	5	20

19 Provisions for liabilities and charges

	Warranty £'000
Opening provision as at 1 January 2004	241
Charged to the profit and loss account	92
Closing provision as at 31 December 2004	333

Boulter Buderus Limited

20 Deferred taxation

The deferred tax position is analysed as follows:

	Amount recognised 2004 £'000	Amount unrecognised 2004 £'000	Amount recognised 2003 £'000	Amount unrecognised 2003 £'000
Differences between capital allowances and depreciation	-	-	7	-
Carry forward of tax losses	-	-	-	35
Other short-term timing differences	42	-	8	-
	42	-	15	35

The deferred tax asset of £42,000 has been included within debtors (see note 14).

The credit arising due to the movement on the deferred tax asset is shown below:

	2004 £'000
Opening deferred tax asset as at 1 January 2004	15
Credit to the profit and loss account	27
Closing deferred tax asset as at 31 December 2004	42

21 Called up share capital

	2004		2003	
	Number	£'000	Number	£'000
Ordinary shares of £1 each	100,002	100	100,002	100
Authorised	100,002	100	100,002	100
Allotted, called up and fully paid	100,002	100	100,002	100

22 Reserves

	Share premium account £'000	Profit and loss account £'000
At 31 December 2003	1,900	(230)
Loss for the year	-	(791)
At 31 December 2004	1,900	(1,021)

Boulter Buderus Limited

23 Related parties

As a wholly owned subsidiary, whose results are included in the consolidated financial statements of Robert Bosch GmbH, Boulter Buderus Limited is exempt from the requirements to disclose details of transactions with any group company included in those consolidated financial statements.

24 Ultimate holding company

Boulter Buderus Limited is a wholly owned subsidiary of Buderus Heiztechnik GmbH. Buderus AG, a company incorporated and registered in Germany, the head of the smallest group for which consolidated financial statements are prepared. Copies of Buderus AG's consolidated accounts may be obtained from Buderus Aktiengesellschaft, Corporate Communications, 35573 Wetzlar, Germany.

Robert Bosch GmbH is the head of the largest group for which consolidated statements are prepared. The directors regard Robert Bosch GmbH, a company incorporated and registered in Germany, as the ultimate holding company. The consolidated financial statements are available to the public and may be obtained from Robert Bosch Platz 1, Gerlingen-Schillerhoehe, Postfach 106050, D-70049, Stuttgart, Germany.

Robert Bosch Stiftung GmbH controls the company as a result of controlling directly 92% of the issued share capital of Robert Bosch GmbH.