

Worcester Group Limited

**Annual report and financial statements for the year ended
31 December 2019**

Company Number: 00735487

Incorporated: 14 September 1962

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Company information for the year ended 31 December 2019

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| Directors | T. Bauer T. Volz U. Glock |
| Company secretary | S. Mansbridge |
| Company number | 00735487 |
| Registered office | Cotswold Way Warndon Worcester WR4 9SW |
| Independent auditors | PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Atrium 1 Harefield Road Uxbridge Middlesex UB8 1EX |

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Strategic report for the year ended 31 December 2019

(All amounts in £ thousands unless otherwise stated)

The directors present their strategic report for the year ended 31 December 2019.

Principal activities

The company's principal activity during the year was as an intermediate holding company.

Review of the business

In 2019, turnover was £nil (2018: £nil) and profit before income taxation decreased from a profit of £157.1m in 2018 to a profit before income taxation of £19.1m.

The company has net assets of £31.4m (2018: £31.3m).

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.

Principal risks and uncertainties

a) Liquidity risk

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

b) Other risks

From the perspective of the company, any other risks and uncertainties are integrated with the principal risks of the wider Bosch group and are not managed separately.

Reporting on compliance with section 172 requirements

In performance of their statutory duties and in accordance with s172 (1) Companies Act 2006, the board of directors of Worcester Group Ltd consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1) (a-f) of the act.) in the decisions taken during the year ended 31st December 2019.

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

Further details how the Board considers the interests of various stakeholders can be found on pages 5-7 of these financial statements.

Key performance indicators

The directors of the company believe that analysis using key performance indicators is not necessary or appropriate for the understanding of the development, performance or position of an intermediate holding company.

Strategic report for the year ended 31 December 2019

(All amounts in £ thousands unless otherwise stated)

COVID-19 developments

On 23 March 2020, the United Kingdom government extended previous guidance in response to the Covid-19 virus with a series of actions becoming effective immediately. There is a general consensus that these actions will have a wide range of severe impacts, which are uncertain as of today, both in their severity and their duration.

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

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



S. Mansbridge
Company Secretary

15 July 2020

Directors' report for the year ended 31 December 2019

(All amounts in £ thousands unless otherwise stated)

The directors present their report and the audited financial statements of the company for the year ended 31 December 2019.

Future developments

The current intra-group business environment is stable and is expected to continue into the foreseeable future.

Proposed dividend

The directors have paid an interim ordinary dividend in respect of the current financial year of £19m, equivalent to £0.70p per share. They do not propose payment of a final dividend.

Political donations and political expenditure

There were no political donations during the year (2018: £Nil).

Directors

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

T. Bauer

T. Volz

U. Glock

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.

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.

Directors' report for the year ended 31 December 2019 (continued)

(All amounts in £ thousands unless otherwise stated)

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.

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 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.

Directors' report for the year ended 31 December 2019 (continued)

(All amounts in £ thousands unless otherwise stated)

Directors' 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

On 15 July 2020 for reasons of good corporate governance, the directors of Bosch Group intend to appoint Ernst & Young as their auditors for the year ended 31 December 2020. Therefore, PricewaterhouseCoopers will not be reappointed.

By order of the board



S. Mansbridge
Company Secretary

15 July 2020

Independent auditors' report to the members of Worcester Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Worcester Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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 2019; the income statement, 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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.

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.

Independent auditors' report to the members of Worcester Group 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 2019 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

As explained more fully in the Statement of directors' responsibilities set out on page 6 to 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.

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.

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

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
15 July 2020

Income statement for the year ended 31 December 2019

(All amounts in £ thousands unless otherwise stated)

| | | Year ended 31 December | |
|-------------------------------------|-------------|-------------------------------|-------------|
| | | 2019 | 2018 |
| Continuing operations | <i>Note</i> | | |
| Operating result | 4 | - | - |
| Income from subsidiaries | | 19,000 | 157,000 |
| Profit before interest and taxation | | 19,000 | 157,000 |
| Finance income | 6 | 156 | 154 |
| Finance expense | 6 | - | - |
| Finance income - net | 6 | 156 | 154 |
| Profit before income tax | | 19,156 | 157,154 |
| Income tax expense | 7 | (30) | (29) |
| Profit for the financial year | | 19,126 | 157,125 |

The notes on pages 14 to 24 are an integral part of these financial statements.

All activity is derived from continuing operations.

There is no other comprehensive income for 2019 or 2018 and therefore no statement of comprehensive income has been presented.

Statement of financial position

(All amounts in £ thousands unless otherwise stated)

| | | As at 31 December | |
|--|------|-------------------|---------------|
| | Note | 2019 | 2018 |
| Fixed assets | | | |
| Investments | 8 | 100 | 100 |
| | | 100 | 100 |
| Current assets | | | |
| Trade and other receivables (including £nil (2018: £nil) due after more than one year) | 9 | 31,928 | 31,797 |
| | | 31,928 | 31,797 |
| Creditors : amounts falling due within one year | 10 | (78) | (73) |
| Net current assets | | 31,850 | 31,724 |
| Total assets less current liabilities | | 31,950 | 31,824 |
| Creditors : amounts falling due after more than one year | 11 | (505) | (505) |
| Net assets | | 31,445 | 31,319 |
| Equity | | | |
| Ordinary shares | 12 | 2,701 | 2,701 |
| Share premium account | | 219 | 219 |
| Other reserves | | 4,691 | 4,691 |
| Retained earnings | | 23,834 | 23,708 |
| Total shareholders' funds | | 31,445 | 31,319 |

The notes on pages 14 to 24 are an integral part of these financial statements.

The financial statements on pages 11 to 24 were authorised for issue by the board of directors on 15 July 2020 and were signed on its behalf.


 U Glock
 Director

Worcester Group Limited
 Registered no. 00735487

Statement of changes in equity for the year ended 31 December 2019

(All amounts in £ thousands unless otherwise stated)

| | Notes | Called-up share capital | Share premium | Other Reserves | Retained earnings | Total |
|--|-------|-------------------------------|------------------|-------------------|----------------------|-----------|
| Balance as at 1 January 2018 | | 2,701 | 219 | 4,691 | 23,618 | 31,229 |
| Profit for the financial year | | - | - | - | 157,125 | 157,125 |
| Total comprehensive income for the year | | - | - | - | 157,125 | 157,125 |
| Dividends | 12 | - | - | - | (157,035) | (157,035) |
| Total transactions with owners, recognised directly in equity | | - | - | - | (157,035) | (157,035) |
| Balance as at 31 December 2018 | | 2,701 | 219 | 4,691 | 23,708 | 31,319 |
| Balance as at 1 January 2019 | | 2,701 | 219 | 4,691 | 23,708 | 31,319 |
| Profit for the financial year | | - | - | - | 19,126 | 19,126 |
| Other comprehensive income for the year: | | - | - | - | - | - |
| Total comprehensive income for the year | | - | - | - | 19,126 | 19,126 |
| Dividends | 12 | - | - | - | (19,000) | (19,000) |
| Total transactions with owners, recognised directly in equity | | - | - | - | (19,000) | (19,000) |
| Balance as at 31 December 2019 | | 2,701 | 219 | 4,691 | 23,834 | 31,445 |

The notes on pages 14 to 24 are an integral part of these financial statements.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

1 General information

Worcester Group Limited's principal activity during the year was as an intermediate holding company.

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 Worcester Group 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 3.

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).
- 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.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

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. Further information on the company's borrowings is given in note 2.10.

2.1.2 New standards, amendments and IFRIC interpretations

IFRS 16 is a new accounting standard that is effective for the year ended 31 December 2019. There is no material impact on the company. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 that have had a material impact on the company.

2.2 Consolidation

The company is a wholly owned subsidiary of Robert Bosch Investment 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, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income'.

2.4 Financial assets

2.4.1 Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading, unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise, they are classified as non-current investments.

2.4.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date – that is, the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred, and the company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the 'fair value of the financial assets at fair value through profit or loss' category are presented in the income statement within interest income or expenses in the period in which they arise.

2.5 Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

2.6 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or 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. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.8 Share capital

Ordinary shares are classified as equity. Preference shares are classified as liabilities (note 2.10).

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.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which do not have a redemption entitlement, have mandatory dividend payments paid half-yearly in arrears and are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

2.11 Current and deferred tax

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

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

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

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

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

2.12 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.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.13 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.14 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.

2.15 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.

3 Critical accounting estimates and judgements

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

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no 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.

4 Operating Result

Auditors Remuneration

The audit fee for the company is borne by a fellow subsidiary company and has not been recharged. No other remuneration is paid or payable to the auditors (2018: £nil).

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

5 Employees and directors

Directors

The company had no employees during the year (2018: £nil).

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

6 Interest income and expense

Finance income

| | 2019 | 2018 |
|--|------------|------------|
| Total interest income on unimpaired financial assets | 156 | 154 |
| Total finance income | 156 | 154 |

Net finance income

| | 2019 | 2018 |
|-----------------------------|------------|------------|
| Interest income | 156 | 154 |
| Interest expense | - | - |
| Total finance income | 156 | 154 |

Interest income includes income from group undertakings of £156 (2018: £154).

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

7 Income tax expense

Tax expense included in profit or loss:

| | 2019 | 2018 |
|--|-----------|-----------|
| Current tax: | | |
| - UK corporation tax on profits for the year | 30 | 29 |
| Total current tax | 30 | 29 |
| Tax on profit | 30 | 29 |

There was no unrecognised deferred tax asset or liability at the year end (2018: £nil).

Tax charge for the year is the lower (2018: lower) as the standard rate of corporation tax in the UK for the year ended 31 December 2019 of 19.00% (2018: 19.00%). The differences are explained below:

| | 2019 | 2018 |
|--|-----------|-----------|
| Profit before taxation | 19,156 | 157,154 |
| Profit multiplied by the standard rate of tax in the UK of 19.00% (2018: 19.00%) | 3,640 | 29,859 |
| Effects of: | | |
| - Income not subject to tax | (3,610) | (29,830) |
| Tax charge | 30 | 29 |

The tax rate for the current year is the same as the prior year.

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% 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.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements and deferred taxes have been measured at 17%.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

8 Investments

| | Shares in group undertakings | Total |
|-------------------------------|------------------------------------|------------|
| Cost or valuation | | |
| At 1 January 2019 | 100 | 100 |
| At 31 December 2019 | 100 | 100 |
| Provisions | | |
| At 1 January 2019 | - | - |
| Impairment losses | - | - |
| At 31 December 2019 | - | - |
| Net book amount | | |
| At 31 December 2018 | 100 | 100 |
| As at 31 December 2019 | 100 | 100 |

At year end a review of the carrying value of the investments in group undertakings was undertaken. Following this review, the directors believe that the carrying value of investments is supported by their underlying net assets and anticipated future operating performance.

The company has the following investments in subsidiaries:

| | Country of incorporation | Registered office | Class of share held | Ownership | |
|--------------------------------------|-----------------------------|--|------------------------|-----------|------|
| | | | | 2019 | 2018 |
| Bosch Thermotechnology Limited | United Kingdom | Cotswold Way, Warndon, Worcester WR4 9SW, England, United Kingdom | £1 Ordinary | 100% | 100% |

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

9 Trade and other receivables

| | 2019 | 2018 |
|------------------------------------|--------|--------|
| Amounts owed by group undertakings | 31,928 | 31,797 |
| | 31,928 | 31,797 |
| Due within one year | 31,928 | 31,797 |

The amounts owed by group undertakings are unsecured, attach interest at 12 months average LIBOR plus 1%, have no fixed date of repayment and are repayable on demand.

10 Creditors: amounts falling due within one year

| | 2019 | 2018 |
|------------------------------|------|------|
| Bank loans and overdrafts | 9 | 9 |
| Taxation and social security | 59 | 54 |
| Other creditors | 10 | 10 |
| | 78 | 73 |

The bank overdraft is unsecured, attaches interest at 1.35% and is repayable on demand.

11 Creditors: amounts falling due after more than one year

Amounts falling due after more than one year and less than five years:

| | 2019 | 2018 |
|--|------|------|
| Cumulative preference shares of 10p each – 5,047,885 | 505 | 505 |
| | 505 | 505 |

The 10p cumulative preference shares carry a fixed cumulative preferential dividend at the rate of 10p per annum, payable half yearly on 30 June and 31 December. On winding up, the holders are entitled to an amount equal to the repayment of capital plus any arrears. The holders have no voting rights unless the dividend is in arrears by six months or more.

The rights to the cumulative dividends payable on the preferred ordinary shares have been waived by the shareholders. This right has continued to be waived on an annual basis.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

12 Ordinary shares

Share capital

Ordinary shares of £0.10 each

| | 2019 | 2018 |
|--------------------------------------|-------------|-------------|
| | No. (000's) | No. (000's) |
| Allotted and fully paid up | | |
| On issue at 1 January | 27,008 | 27,008 |
| On issue at 31 December – fully paid | 27,008 | 27,008 |

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

The following dividends were recognised during the year:

| | 2019 | 2018 |
|--|--------|---------|
| Interim dividend for 2019: £0.70 (2018: £5.81) per qualifying ordinary share | 19,000 | 157,035 |
| | 19,000 | 157,035 |

13 Other reserves

The capital redemption reserve is not distributable.

14 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 2019 amounted to £128,461 (2018: £41,523).

15 Capital and other commitments

Capital commitments

There are no capital commitments outstanding at the end of the financial year (2018: £nil).

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

16 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.

17 Controlling parties

The immediate parent undertaking is Robert Bosch Investment 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.

18 Events after the end of the reporting period

On 23 March 2020 the United Kingdom government extended previous guidance in response to the Covid-19 virus with a series of actions becoming effective immediately. As a result of that, all retail activity has been suspended except for the sale of food and pharmaceutical products. The announcement, among other impacts, strongly indicates that people should remain at home until further notice. People are allowed to go out only for the purposes of buying food, medicine, going to work (where the work is deemed essential) or trips to the hospital. Financial, industrial, manufacturing, logistic and commercial markets are consequently affected. There is a general consensus that this will have a wide range of severe impacts, which are uncertain as of today, both in their severity and their duration.

Management is forecasting the effect of the above events on the Company, not having yet determined them on the organization and on the financial statements. This includes, but is not limited to, potential liquidity difficulties, solvency of clients, going concern, required financial support, complying with covenants, enforced temporary shut-downs, temporary or permanent dismissals, recoverability of assets and potential impairments, etc.

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.