

Bosch Rexroth Limited

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



Company Number: 00768471

Incorporated: 22 July 1963

Company information for the year ended 31 December 2019

Directors

P.A. Bowden
S. Hoffmann
A.J. Johnstone
K.F. Nilner

Company secretary

Mr. J. Burton

Company number

00768471

Registered office

15 Cromwell Road
St. Neots
Cambridgeshire
PE19 2ES

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

Contents

	Page
Strategic report	3
Directors' report	6
Independent auditors' report to the members of Bosch Rexroth Limited	10
Income statement	13
Statement of comprehensive income	14
Statement of financial position	15
Statement of changes in equity	16
Notes to the financial statements	17

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 the sales, marketing, distribution and servicing of drive and control solutions to the following markets: mobile machinery, machinery application and engineering and factory automations.

Review of the business

In 2019, revenue increased from £222,957 to £231,775 and profit before income tax increased from £8,958 in 2018 to £12,624 in 2019.

Operating profit has increased from £9,158 to £12,613. The increased sales performance was achieved in lower margin market sectors, resulting in a change in the sales mix in the business. The company continues to successfully manage and monitor its controllable overheads, which reduced, despite a turnover increase of 4.0%, resulting in an increase in value add per employee.

The statement of financial position at the end of the year improved upon prior year as a result of:

- continued receivables payment control, despite revenue increases;
- the timing of creditor payments moved across the year end; and
- the reduction in the pension liability due to actuarial gains.

Principal risks and uncertainties

a) Financial risk management

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

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

b) Price risk

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

c) Credit risk

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

Strategic report for the year ended 31 December 2019 (continued)

(All amounts in £ thousands unless otherwise stated)

d) Liquidity risk

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

COVID-19 developments

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

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

Brexit planning

The company maintains a continual review of the potential effects on the business of the UK leaving the European Union, under various scenarios. The company believes that supply chains, and EU and other overseas labour will be able to adjust over time as detailed future arrangements become clear. The company has also considered effects on supply chain and engaged with suppliers. On a consumer side, there is a potential decline in customer confidence and economic activity in general. The Directors believe that the company is as prepared as possible for this uncertainty and will continue to keep this complex matter under review.

Reporting on compliance with section 172 requirements

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

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

Further details how the Board considers the interests of various stakeholders can be found on pages 3-8 of these financial statements.

Strategic report for the year ended 31 December 2019 (continued)

(All amounts in £ thousands unless otherwise stated)

Key performance indicators

The company has consolidated its performance during 2019 and continues to develop future growth by successfully delivering engineered solutions & distributing products and services to its customers. Progress is monitored by the board and the divisional directors by reference to the following KPIs:

	2019	2018	
Growth in sales (%)	4.0	20.5	Year on year sales growth expressed as a percentage.
Operating margin (%)	5.4	4.1	Operating margin is the ratio of operating profit (before exceptional items) to sales, expressed as a percentage.
Return on invested capital (%)	22.1	16.7	Operating profit expressed as a percentage of net assets (excluding pension deficit).
Value added per employee (£'000)	115.2	108.5	Value added is turnover less cost of material, divided by average employee capacity.

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.

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

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 Paul.Bowden

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P. Bowden
Director

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

Proposed dividend

The directors have proposed a final ordinary dividend in respect of the current financial year of £10,200, equivalent to 69.38p per share. This has not been included within creditors as it was not approved before the year end.

Dividends paid during the year comprise a final dividend of £7,200, equivalent to 49.00p per share, in respect of the previous year ended 31 December 2018.

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:

P.A. Bowden

S. Hoffmann

A.J. Johnstone

K.F. Nilner

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

During the year the company continued to progress its R&D activities. The efforts and expenditure here are primarily in the area of Radial Piston Motors which the company manufactures in its plant in Glenrothes. Expenditure on R&D in 2019 totalled £1,768.

Events after the end of the reporting period

Subsequent to the date of the statement of financial position, there were no events other than the COV-19 developments already discussed in the strategic report; that are not disclosed in these financial statements.

The Group Letter of Support was extended and signed after the COVID-19 event began thereby providing extended support through the crisis.

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

(All amounts in £ thousands unless otherwise stated)

Stakeholder engagement

Associates

- The company creates a culture of inclusivity where everyone feels welcome, fosters talent and allows associates to achieve their full potential within our business.
- A wide range of learning and development opportunities are available to our associates including role specific courses, leadership training and mentoring programmes.
- The company has worked with external providers to deliver extensive mental awareness training.
- The company undertakes associate surveys to ensure that all associates have a voice in shaping the future of the business.
- The company has leadership teams who meet on a regular basis to ensure consistency across the business.
- The company undertakes annual strategy events where our leaders ensure our teams are working to common objectives.
- The company has an active Apprenticeship scheme and support a range of Intern / Student placements, up to and including graduate level.

Customers

- The company is a customer driven organisation.
- Through close engagement with our customers, the company listens and acts on their needs through meetings and a systematic feedback process.
- The company is passionate about sustainability and committed to helping our customers achieve their social and ecological targets.
- The company supports original equipment manufacturers and end users in their quest for energy efficient solutions.
- The Glenrothes facility supports a global Customer base, serving a range of sectors including construction, forestry, agriculture, and mining.
- The factory is the sole supplier of hydraulic radial piston motors within the Bosch Rexroth Group, and provides Customers with a fully integrated service, from design, to manufacture and ultimately sale.

Suppliers

- The company is committed to building trusted partnerships with its suppliers which are crucial to delivering on many of its commitments, such as reducing waste through scrappage and rework.
- The code of business conduct ensures the company treats its suppliers with fairness and respect.
- The company recognises that to ensure it meets the standards required by its customers, its supplier must meet the highest safety and legal standards.
- Continuous updates (by surveys and/or spot communications) are conducted with our suppliers with respect to the latest reference documents or directives to ensure parallel alignment.
- With our annual performance survey, the company tracks metrics and shares feedback with suppliers and takes action to improve performance.
- Similar to the global Customer range, the Glenrothes operation has an international supply base, covering Asia, Europe and the USA as well as UK based Suppliers of services such as heat treatment and sub-contracting machining.

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

(All amounts in £ thousands unless otherwise stated)

Community

- With the vast majority of the shares in the Bosch Group being owned by a charitable foundation, supporting around 800 charitable projects around the world, the board takes its approach to environmental and social matters seriously.
- During the year, Bosch Rexroth Limited transitioned to using 100% certifiable green energy consumption across all UK locations.
- Associates are actively encouraged to participate in corporate social responsibility events in the local community during company paid time. Associates contributed 770 CSR hours in 2019 supported by company contributions in schemes such as Fridge Freezers to local Foodbanks and desktop Computers for the Fire and Rescue Association Charity.
- The company considers social commitment a fundamental part of our corporate responsibility. It is an important part of our sustainable business operation and thus essential to the ongoing success of our company.

In addition, the company supports local educational establishments with STEM events and the promotion of Engineering, and is actively involved with both Primary and Secondary Schools in the local area.

Statement of directors' responsibilities

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

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

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

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

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

Disclosure of information to auditors

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

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

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

(All amounts in £ thousands unless otherwise stated)

Independent Auditors

On 29th June 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

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Paul.Bowden

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P. Bowden
Director

29 June 2020

Independent auditors' report to the members of Bosch Rexroth Limited

Report on the audit of the financial statements

Opinion

In our opinion, Bosch Rexroth 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 comprehensive income, 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 Bosch Rexroth 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

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements 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 Bosch Rexroth 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
29 June 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>		
Revenue	4	231,775	222,957
Cost of sales	6	(191,685)	(182,133)
Gross profit		40,090	40,824
Distribution costs		(23,298)	(25,704)
Administrative expenses	6	(3,426)	(7,601)
Net impairment gains on financial and contract assets	5	483	689
Other operating (expense)/income		(1,236)	950
Operating profit	6	12,613	9,158
Finance income	8	71	57
Finance expense	8	(60)	(257)
Finance income/(expense) - net	8	11	(200)
Profit before income tax		12,624	8,958
Income tax expense	9	(2,400)	(1,728)
Profit for the financial year		10,224	7,230

The notes on pages 17 to 49 are an integral part of these financial statements.

All activity is derived from continuing operations.

Statement of comprehensive income for the year ended 31 December 2019

(All amounts in £ thousands unless otherwise stated)

		Year ended 31 December	
	<i>Note(s)</i>	2019	2018
Profit for the financial year		10,224	7,230
Other comprehensive income : items that will not be reclassified to profit and loss:			
Actuarial (losses)/gains on pension scheme	18	(3,623)	4,828
Movement on deferred tax relating to pension deficit	14	616	(821)
Other comprehensive income for the year, net of tax		(3,007)	4,007
Total comprehensive income for the year		7,217	11,237

The notes on pages 17 to 49 are an integral part of these financial statements.

Statement of financial position

(All amounts in £ thousands unless otherwise stated)

	Note	As at 31 December	
		2019	2018
Fixed assets			
Property, plant and equipment	10	18,709	16,081
Right-of-use assets	11	3,851	-
		22,560	16,081
Current assets			
Inventories	12	25,002	20,444
Trade and other receivables (including £nil (2018: £nil) due after more than one year)	13	43,881	48,131
Cash and cash equivalents		3,254	6,034
		72,137	74,609
Creditors : amounts falling due within one year	15	(33,718)	(33,380)
Net current assets		38,419	41,229
Total assets less current liabilities		60,979	57,310
Creditors : amounts falling due after more than one year	16	(3,133)	-
Provisions for liabilities	17	(8,688)	(7,991)
Net assets		49,158	49,319
Equity			
Ordinary shares	19	14,700	14,700
Share premium		23,300	23,300
Retained earnings		11,158	11,319
Total shareholders' funds		49,158	49,319

The notes on pages 17 to 49 are an integral part of these financial statements.

The financial statements on pages 13 to 49 were authorised for issue by the board of directors on 29th June 2020 and were signed on its behalf.

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 Paul.Bowden
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Mr. P. Bowden
 Director

Bosch Rexroth Limited
 Registered no. 00768471

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	Retained earnings	Total
Balance as at 1 January 2018		14,700	23,300	6,232	44,232
Profit for the financial year		-	-	7,230	7,230
Other comprehensive income/(expense) for the year:					
Actuarial gains on pension scheme	18	-	-	4,828	4,828
Movement on deferred tax relating to pension deficit		-	-	(821)	(821)
Total comprehensive income for the year			-	11,237	11,237
Dividends	19	-	-	(6,150)	(6,150)
Total transactions with owners, recognised directly in equity			-	(6,150)	(6,150)
Balance as at 31 December 2018		14,700	23,300	11,319	49,319
Change in accounting policy	26	-	-	(178)	(178)
Restated balance as at 1 January 2019		14,700	23,300	11,141	49,141
Profit for the financial year		-	-	10,224	10,224
Other comprehensive income for the year:					
Actuarial losses on pension scheme	18	-	-	(3,623)	(3,623)
Movement on deferred tax relating to pension deficit		-	-	616	616
Total comprehensive income for the year			-	7,217	7,217
Dividends	19	-	-	(7,200)	(7,200)
Total transactions with owners, recognised directly in equity			-	(7,200)	(7,200)
Balance as at 31 December 2019		14,700	23,300	11,158	49,158

The notes on pages 17 to 49 are an integral part of these financial statements.

Notes to the financial statements

(All amounts in £ thousands unless otherwise stated)

1 General information

Bosch Rexroth Limited sells, markets, distributes and services of drive and control solutions to the following markets: mobile machinery, machinery application and engineering and factory automation.

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 Bosch Rexroth 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 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).

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

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

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

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

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 and any material impact on the company is shown in note 26. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 have had a material impact on the company.

2.2 Foreign currency translation

a) Functional and presentation currency

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

(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'.

2.3 Property, plant and equipment

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

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

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

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.

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

- Long-term leasehold property and improvements 10 years or anticipated term of the lease if shorter
- Plant and machinery 3-10 years
- Furniture, fittings and equipment 3-10 years

In order to align depreciation policy with group policy, these have changed from prior years. The effect of this change is detailed in note 25.

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 2.6).

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.

Assets under construction are held at cost and not depreciated until the assets are completed and generating economic benefits. The carrying value of assets under construction are assessed for recoverability similar to other depreciating assets.

2.4 Impairment of non-financial assets

Non-financial assets that are not ready to use are not subject to amortisation / depreciation and are tested annually for impairment. Assets that are subject to amortisation / depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable.

2.5 Financial assets

2.5.1 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.

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 (see note 2.7). 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.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.5.2 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.

2.6 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.

2.7 Derivative financial instruments and hedging activities

The company has not applied hedge accounting, and all derivatives are measured at fair value through profit and loss.

2.8 Inventories

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

2.9 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.

2.10 Long term contract receivables

Long term contract receivables represent the gross unbilled amount for contract work performed to date. They are measured at cost plus profit recognised to date less a provision for foreseeable losses and less progress billings. Variations are included in contract revenue when they are reliably measurable and it is probable that the customer will approve the variation itself and the revenue arising from the variation. Claims are included in contract revenue only when they are reliably measurable and negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

Cost includes all expenditure related to directly to specific projects and an allocation of fixed and variable overheads incurred in the company's contract activities based on normal operating capacity.

Long term contract receivables are presented as part of debtors in the statement of financial position.

2.11 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.

2.12 Share capital

Ordinary shares are classified as equity. Preference shares are classified as liabilities.

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.

2.13 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.

2.14 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.

2.15 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing spending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.16 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.

2.17 Employee benefits

The company operates various post-employment schemes, including both defined benefit and defined contribution pension 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.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset.

Past service costs are recognised immediately in the income statement.

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.

2.18 Provisions

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

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.

2.19 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.

(a) Sale of goods

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

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

(b) Sale of services

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

2.20 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.

2.21 Leases

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

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

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

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

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases, see note 0 for details. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Leases where the individual lease value is below £5,000 have not been reclassified as right-of-use assets but continue as operating leases. At the end of 31 December 2019, no assets were reclassified as low-value (see notes 21 and 26).

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

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

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used,

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

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

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

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

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

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

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

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

Extension and termination options

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

Critical judgements in determining the lease term

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

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

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

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

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

As at 31 December 2018, potential future cash outflows of £nil (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

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

2.22 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.

2.23 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 £ thousands 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.

Critical accounting estimates and assumptions

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

a) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the property, plant and equipment and note 2.3 for the useful economic lives for each class of assets. The company has reviewed its fixed asset depreciation and aligned this with reference to group accounting rules. This adjustment has been recognised in profit for the financial year.

b) Inventory provisioning

The company designs, manufactures and sells products and is subject to changing customer demands and economic trends. As a result it is necessary to consider the recoverability of the cost of the stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of the finished goods and future usage of raw materials. See note 12 for the net carrying amount of the inventory and associated provision. The company has reviewed its inventory provisioning policies and aligned this with reference to group accounting rules. This adjustment has been recognised in profit for the financial year.

c) Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and the historical experience. See note 13 for the net carrying amount of the receivables and associated impairment provision.

d) Defined benefit pension

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. See note 18 for the disclosures of the defined benefit pension scheme.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

e) Warranty provision

Provision is made for potential warranty costs on sales where the goods supplied are still within their warranty period. The provision is calculated on the basis of the actual cost of rectifying warranty failures and takes into account the time period before claims will be made. The calculation excludes those claims against which specific provision has already been made (see note 17).

4 Revenue

Analysis of revenue by geography:

	2019	2018
United Kingdom	127,684	125,198
Germany	9,682	11,769
Other EU countries	25,041	25,341
Rest of Europe	862	813
North America	62,107	54,297
Central and South America	445	269
Australia and South Pacific	254	168
Asia and Middle East	5,700	5,102
	231,775	222,957

Analysis of revenue by category:

	2019	2018
Sale of goods	200,976	198,662
Rendering of services	30,799	24,295
	231,775	222,957

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

5 Net impairment losses on financial and contract assets recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired financial assets:

	31 Dec 2019	31 Dec 2018 Restated
Impairment losses		
- Individually impaired receivables	-	688
- movement in loss allowance for trade receivables and contract assets	483	1
Net impairment gains on financial and contract assets	483	689

Of the above impairment losses, £483 (2018:£ 689) relate to receivables arising from contracts with customers (see note 13).

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

6 Operating profit

Operating profit is stated after charging/(crediting):

	2019	2018
Wages and salaries	31,489	31,220
Social security costs	3,809	3,946
Pension costs	1,823	1,712
Post-employment benefits - past service cost (incl. curtailments)	(280)	1,158
Staff costs	36,841	38,036
Depreciation of owned property, plant and equipment	1,993	1,833
Depreciation of owned property, plant and equipment – change in accounting estimate (included in administrative expenses) – see note 10	(2,177)	-
Depreciation of right-of-use assets	991	-
Loss on disposal of property, plant and equipment	96	35
Impairment of inventory (included in cost of sales)	(2,314)	(958)
Impairment of inventory – change in accounting estimate (included in cost of sales) – see note 12	738	-
Impairment of contract assets	(483)	(689)
Inventory recognised as an expense	156,655	133,782
Operating lease expenses	-	1,588
Foreign exchange gains (included in other operating(expense)/income)	(1,236)	(496)
Transfer pricing adjustment on intercompany trading (included in other operating income)	(367)	(476)
Research and development expenditure	1,768	1,702
Audit fees payable to the company's auditor	63	64

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

7 Employees and directors

Employees

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

By activity	2019 Number	2018 Number
Production / Engineering	468	483
Selling and distribution	148	166
Administration	70	73
	686	722

Directors

The directors' emoluments were as follows:

	2019	2018
Aggregate emoluments	472	648
Contributions to defined contribution scheme	13	19
	485	667

Post-employment benefits are accruing for 1 (2018: 1) directors under a defined contribution scheme.

Highest paid director

The highest paid director's emoluments were as follows:

	2019	2018
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	262	243
Defined contribution scheme:		
- accrued pension at the end of the year	-	-

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

8 Interest income and expense

Finance income

	2019	2018
Bank interest income	71	57
Total finance income	71	57

Finance expense

	2019	2018
Net cost of post-employment benefits	132	241
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	(80)	-
Other losses	8	16
Total finance expense	60	257

Net finance expense

	2019	2018
Interest income	71	57
Interest expense	(60)	(257)
Total finance expense	(11)	(200)

Interest income includes income from group undertakings of £71 (2018: 57).

Interest expense includes expense from group undertakings of £2 (2018: £16).

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

9 Income tax

Tax expense included in profit or loss:

	2019	2018
Current tax:		
- Current tax on income for the period	2,198	1,667
- Adjustments in respect of prior periods	3	(98)
Total current tax	2,201	1,569
Deferred tax:		
- Origination and reversal of timing differences	237	169
- Impact of change in tax rate	(25)	(18)
- Adjustments in respect of prior periods	(13)	8
Total deferred tax	199	159
Total tax charge	2,400	1,728

Tax charge for the year is higher (2018: higher) than 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	12,624	8,958
Profit multiplied by the standard rate of tax in the UK of 19.00% (2018: 19.00%)	2,399	1,702
Effects of:		
- Accelerated capital allowances	7	43
- Remeasurement of deferred tax – change in UK tax rate	(25)	(18)
- Expenses not deductible for tax purposes	40	90
- Tax exempt revenues	(153)	(23)
- Relief for foreign tax suffered	(303)	(260)
- Foreign tax charge	445	284
- Adjustments in respect of prior periods	(10)	(90)
Tax charge/(credit)	2,400	1,728

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

The tax rate for the current year is the same as prior year, due to no changes in the UK corporation tax rate which remained at 19.00%.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These included 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.

On 19th March 2020 legislation was introduced in Finance Bill 2020 to amend the main rate of Corporation Tax for all non-ring fence profits to 19% for financial year 2020. The Corporation Tax charge and the main rate will also be set at 19% for all non-ring fence profits for financial year 2021.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

10 Property, plant and equipment

	Long-term leasehold property and improvements	Plant and machinery	Fixtures, fittings, tools and equipment	Assets under construction	Total
At 1 January 2019					
Cost	13,696	22,238	12,278	3,742	51,954
Accumulated depreciation and impairment	(7,525)	(19,103)	(9,245)	-	(35,873)
Net book amount	6,171	3,135	3,033	3,742	16,081
Year ended 31 December 2019					
Additions	66	683	647	1,164	2,560
Disposals	(72)	-	(44)	-	(116)
Transfers	-	837	862	(1,699)	-
Depreciation	(395)	(652)	(946)	-	(1,993)
Change in accounting estimate – depreciation (see below)	994	926	257	-	2,177
Closing net book amount	6,764	4,929	3,809	3,207	18,709
At 31 December 2019					
Cost	13,644	23,214	13,322	3,207	53,386
Accumulated depreciation and impairment	(6,880)	(18,285)	(9,512)	-	(34,677)
Net book amount	6,764	4,929	3,809	3,207	18,709

During the year, the company assessed its property, plant and equipment depreciation policy in order to align this to group accounting rules. This is considered a change in accounting estimate and has been accounted for by altering the assets' remaining useful economic lives. In accounting for the adjustment, and in order to align net book amount, a credit was recognised in profit for the year (see note 25).

	2019	2018
Freehold	6,494	5,942
Short leasehold	270	229
Carrying value	6,764	6,171

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

11 Leases

This note provides information for leases where the company is a lessee.

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2019	1 January 2019
Right-of-use assets		
Buildings	2,782	3,066
Equipment	244	1,173
Vehicles	825	60
	3,851	4,299
Lease liabilities		
Current	702	448
Non-current	3,133	4,029
	3,835	4,477

Additions to the right-of use assets during the 2019 financial year were £302.

Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2019	2018
Depreciation charge of right-of-use assets		-
Buildings	377	-
Equipment	128	-
Vehicles	486	-
	991	-
Interest expense (included in finance cost)	80	-

The total cash outflow for leases in 2019 was £ 1,105.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

12 Inventories

	2019	2018
Raw materials and consumables	8,484	6,524
Work in progress	5,228	3,247
Finished goods and goods for resale	11,290	10,673
	25,002	20,444

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

Inventories are stated after provisions for impairment of £2,314 (2018: £1,351).

The company has reviewed its inventory provisioning policy and aligned this with reference to group accounting rules. This is considered a change in accounting estimate. In accounting for the adjustment, a charge of £738 was recognised in profit for the year (see note 25).

13 Trade and other receivables

	Notes	2019	2018
Trade receivables		37,886	43,060
Amounts owed by group undertakings		1,681	2,113
Deferred tax	14	1,025	608
Other receivables		1,952	1,815
Prepayments and accrued income		1,337	535
		43,881	48,131
Due within one year		43,881	48,131
Due after more than one year		-	-

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

Trade receivables are stated after provisions for impairment of £483 (2018: £544).

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

14 Deferred tax

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

	2019	2018
Deferred tax assets due after 12 months	-	-
Deferred tax liabilities due after 12 months	978	567
Total provision	978	567
	2019	2018
Deferred tax assets due after 12 months	(2,003)	(1,175)
Deferred tax liabilities due after 12 months	-	-
Total asset	(2,003)	(1,175)
Total deferred tax provision/(asset)	2019	2018
Total asset	(1,025)	(608)

Deferred tax liabilities	Property, plant and equipment	Total
At 1 January 2018	452	452
Charged/(credited) to the income statement	115	115
At 31 December 2018	567	567
Charged/(credited) to the income statement	411	411
At 31 December 2019	978	978

Deferred tax assets	Financial assets	Employee benefits	Provisions	Relating to the pension deficit	Total
At 1 January 2018	(168)	(87)	(6)	(1,779)	(2,040)
(Charged)/credited to the income statement	-	-	6	38	44
Credited directly to other comprehensive income	-	-	-	821	821
At 31 December 2018	(168)	(87)	-	(920)	(1,175)
(Charged)/credited to the income statement	(433)	87	-	134	(212)
(Charged)/credited directly to other comprehensive income	-	-	-	(616)	(616)
At 31 December 2019	(601)	-	-	(1,402)	(2,003)

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

15 Creditors: amounts falling due within one year

	Notes	2019	2018
Trade creditors		12,547	15,303
Amounts owed to group undertakings		15,377	11,588
Corporation tax		144	177
Taxation and social security		1,679	3,103
Lease liabilities	11	702	-
Other creditors		21	151
Accruals and deferred income		3,248	3,058
		33,718	33,380

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

16 Creditors: amounts falling due after more one year

	Notes	2019	2018
Lease liabilities	11	3,133	-
		3,133	-

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

17 Provisions for liabilities

	Contract loss provision	Contract penalty provision	Warranty provision	Holiday pay accrual	Post employ- ment benefits	Total
At 1 January 2019	263	32	2,103	182	5,411	7,991
Additions to the income statement	825	-	974	259	412	2,470
Additions to the statement of other comprehensive income	-	-	-	-	3,623	3,623
Amounts utilised	(993)	(25)	(2,573)	(182)	-	(3,773)
Additional contributions recognised	-	-	-	-	(1,623)	(1,623)
At 31 December 2019	95	7	504	259	7,823	8,688

Contract loss provision

The contract loss provision relates to the foreseeable and unavoidable losses on contracts entered into before the date of the statement of financial position.

Contract penalty provision

The contract penalty provision relates to the liquidated damages on contracts entered into before the date of the statement of financial position.

Warranty provision

The provision for product warranties relates to expected warranty claims on radial piston motors, engineering and product sales where the products supplied are still within their warranty period. The provision is calculated on the basis of the actual cost of rectifying past warranty failures and takes into account the time period before claims will be made. It is expected that the majority of this expenditure will be incurred in the next financial year and the balance will be incurred within three years of the date of the statement of financial position.

Holiday pay accrual

The accrual for holiday pay relates to holiday entitlement not taken at the date of the statement of financial position.

Post-employment benefits

Refer to note 18 for further detail.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

18 Post-employment benefits

The company operates a number of pension schemes for its employees.

Defined benefit scheme

The company participates in a defined benefit scheme providing benefits based on final pensionable pay that runs for Bosch group companies called the Bosch UK Retirement Benefits Scheme (BUK RBS). The assets of pension scheme are held separately from those of the company. The amounts in the financial statements, relating to this pension scheme, are based on a full actuarial valuation dated 31 December 2019. It was agreed by the companies participating in the scheme that the assets and liabilities would be allocated as follows:

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

The actuarial valuation of BUK RBS described above used the projected unit basis and has been updated at 31 December 2019 by a qualified independent actuary, AON Hewitt, using revised assumptions that are consistent with the requirements of IAS19 *Employee Benefits*. Under the definitions set out in IAS19, the BUK RBS is a multi-employer pension scheme. The deficit for the scheme as a whole at 31 December 2019 is £30,611 (2018: 31,311).

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

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

Actuarial assumptions

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

	2019	2018
	%	%
Expected rate of salary increases	2.70	2.85
Expected rate of increase of pensions in payment		
- RPI min 0%, max 5%	3.10	3.30
- RPI min 3%, max 5%	3.55	3.65
- RPI min 0%, max 3%	2.50	2.65
- CPI min 0%, max 5%	2.20	2.35
Discount rate	2.00	2.90
Rate of inflation	2.20	2.35

Assumptions regarding future mortality are set, based on actuarial advice, in accordance with published statistics and experience in the UK. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2019	2018
	Years	Years
Longevity at age 65 for current pensioners:		
- Men	21.6	21.6
- Women	24.2	24.2
Longevity at age 65 for future pensioners:		
- Men	23.0	23.0
- Women	25.8	25.8

Reconciliation of scheme assets and liabilities:

	Assets	Liabilities	Total
At 1 January 2019	80,982	(86,393)	(5,411)
Benefits paid	(3,991)	3,991	-
Employer contributions	1,623	-	1,623
Past service cost	-	(280)	(280)
Interest income / (expense)	2,316	(2,448)	(132)
Remeasurement (losses) / gains	8,979	(12,602)	(3,623)
At 31 December 2019	89,909	(97,732)	(7,823)

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 8.1%	Increase by 9.4%
Salary growth rate	0.50%	(See note below)*	(See note below)*
Pension growth rate	0.50%	Increase by 2.9%	Decrease by 2.8%
Life expectancy	Increase or decrease by 1 year	Increase by 4.4%	Decrease by 4.4%

*The 2019 salary increase sensitivity cannot be provided in isolation accurately owing to the nature of the deferred revaluation underpin that applies to special deferred members (these members' benefits increase at the higher of salary increases and statutory deferred revaluation). In the past, this sensitivity was available as the level of salary increase assumption was higher (relative to the deferred revaluation assumption) and hence it was much less likely that the underpin would occur. However, the salary increase assumption is now close to the deferred revaluation assumption, and therefore it is not clear that the salary linked benefit would be higher for all special deferred members. It is expected that the change in salary increase sensitivity to be relatively negligible.

The above sensitivities are based on a change in assumption, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (that is, present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumption used in preparing the sensitivity analysis did not change compared to the previous period.

Total cost recognised as an expense:

	2019	2018
Past service cost	(280)	1,158
Interest cost	132	241
	(148)	1,399

The fair value of the plan assets was:

	2019	2018
Equity instruments	34,463	29,675
Debt instruments	51,107	46,936
Cash and cash equivalents	328	245
Insurance contracts	4,011	4,126
Total	89,909	80,982

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

The return on the plan assets was:

	2019	2018
Interest income	2,316	2,098
Remeasurements	8,979	(4,663)
Total return on plan assets	11,295	(2,565)

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:

	2019	2018
Current year contributions	1,823	1,712

No prepayments or accruals have been made in respect of this scheme (2018: £nil).

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

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

19 Share capital

Share capital

Ordinary shares of £1 each

	2019	2018
	No. (000's)	No. (000's)
Allotted and fully paid up		
On issue at 1 January	14,700	14,700
On issue at 31 December – fully paid	14,700	14,700

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
Final dividend for 2019: 49.00p (2018: final dividend for 2017 : 41.84p) per qualifying ordinary share	7,200	6,150
	7,200	6,150

After the date of the statement of financial position dividends of 69.38p per qualifying ordinary share (2018: 49.00p) were proposed by the directors. The dividends have not been provided for.

20 Contingent liabilities

In 2018 financial statements, the company reported a contingent liability being party to legal proceedings, which included a claim for damages. The issue was resolved in 2019 with full and final settlement.

In 2019, the company received notification of a potential claim on Bosch Rexroth in several countries relating to a component compatibility issue. The company may be included in this potential claim. No provision has been recorded in these financial statements for the potential claim. The company has a parent company confirmation that in the event of the claim being made, Bosch Rexroth GmbH would be the primary obligor. Confirmation has been received that Bosch Rexroth GmbH has recorded an appropriate provision centrally.

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: £41,959).

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

21 Capital and other commitments

Capital commitments

At 31 December 2019, the company had the following capital commitments:

	2019	2018
Contracts for future capital expenditure not provided in the financial statements	753	843

Other commitments

From 1 January 2019, the group has recognised right-of-use assets for leases previously classified as operating leases, except for short-term and low-value leases shown below, see note 11 and note 26 for further information.

At 31 December 2019, the company had the following future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
Land and buildings:		
Not later than one year	-	379
Later than one year and not later than five years	-	1,470
Later than five years	-	1,217
	-	3,066
Other:		
Not later than one year	-	601
Later than one year and not later than five years	-	632
	-	1,233
	-	4,299

During the year £nil was recognised as an expense in the Income statement in respect of operating leases (2018: £1,588).

22 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 £ thousands unless otherwise stated)

23 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.

24 Events after the end of the reporting period

On March 23, 2020 the United Kingdom government extended previous guidance in response to the Covid-19 virus with a series of actions becoming effective immediately. 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.

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

25 Changes in accounting estimates

The company has reviewed its fixed asset depreciation and inventory provisioning policies and aligned both with reference to group accounting rules. These adjustments are detailed below.

	2018 Original basis provision	Effect of change in estimate	2019 Other movements in provision	2019 provision
Accumulated depreciation (note 10)	(35,873)	2,177	(981)	(34,677)
Inventory provision (note 12)	(1,351)	(738)	(225)	(2,314)
Release to income statement		1,439		

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

26 Changes in accounting policies

This note explains the impact of IFRS 16 Leases on the company's financial statements following its adoption for the first time for the annual reporting period commencing 1 January 2019.

IFRS16

The company had to change its accounting policies as a result of adopting IFRS 16. The company elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed below.

Impact on the financial statements

Practical expedients

In applying IFRS 16 for the first time, the company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

Measurement of lease liabilities

	2019
Operating lease commitments disclosed as at 31 December 2018	4,299
Add/(less): Contracts reassessed as lease contracts	176
Add/(less): Adjustments as a result of a different treatment of extension and termination options	2
Lease liability recognised as at 1 January 2019	4,477
Of which are:	
Current lease liabilities	641
Non-current lease liabilities	3,836
	4,477

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

Impact on primary statements

	31 Dec 2018 As originally presented	IFRS 16	1 Jan 2019 Restated
Balance sheet (extract)			
Non-current assets			
Right of use assets		4,299	4,299
Current assets			
Deferred tax assets	608	-	608
Total assets	90,690	4,299	94,989
Non-current liabilities			
Lease liabilities	-	(4,029)	(4,029)
Current liabilities			
Lease liabilities	-	(448)	(448)
Total liabilities	(41,371)	(4,477)	(45,848)
Net assets	49,319	(178)	49,141
Retained earnings	11,319	(178)	11,141
Total equity	49,319	(178)	49,141
Income statement (extract)	2019 (IAS 17)	IFRS 16	2019 – as presented
Distribution costs	(23,298)	-	(23,298)
Administration expenses (depreciation of right-of-use assets)	(2,435)	(991)	(3,426)
Operating profit	13,604	(991)	12,613
Finance income	(69)	80	11
Profit before tax	13,535	(911)	12,624
Income tax expense	(2,573)	173	(2,400)
Profit for the year	10,962	(738)	10,224