

Company Registration No. 1844007

BSH Home Appliances Limited

Report and Financial Statements

31 December 2005



Deloitte & Touche LLP
St Albans

BSH Home Appliances Limited

Report and financial statements 2005

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Statement of Total Recognised Gains and Losses	7
Balance sheet	8
Notes to the accounts	9

BSH Home Appliances Limited

Report and financial statements 2005

Officers and professional advisers

Directors

E-U Hanneck
J C Gehrels
C Blake
A Wood
Dr P H Gotz
Dr K L Gutberlet (resigned 1 May 2005)
K Weschta
R P Meier
J Dufour (appointed 1 May 2005)

Secretary

C Blake

Registered Office

Grand Union House
Old Wolverton Road
Wolverton
Milton Keynes
MK12 5PT

Bankers

Midland Bank plc
High Street
Uxbridge
Middlesex
UB8 1BY

Auditors

Deloitte & Touche LLP
Chartered Accountants
St Albans

BSH Home Appliances Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activities and review of business

The principal activity of the company during the year continued to be the sale in the United Kingdom and Ireland of domestic electrical and gas appliances and the sale of related spares and servicing. The company is a wholly owned subsidiary undertaking of BSH Bosch und Siemens Hausgerate GmbH.

Results and dividends

The profit for the year, after taxation, amounted to £24,130,766 (2004: £38,441,116). The directors proposed a dividend in the current year of £94,500,000 (2004: nil) of which £93,497,663 was paid.

Future prospects

The directors aim to maintain the management policies which have resulted in the company's growth in recent years.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where continuing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Employee involvement

During the year, the company provided employees systematically with information on matters of concern to them as employees, employees or their representatives are consulted on a regular basis so that the views of the employees can be taken into account in making decisions which are likely to affect their interests.

Directors and their interests

There are no directors' interests requiring disclosure under the Companies Act 1985.

The directors, who served the company during the year, and to the date of this report, were as follows:

E-U Hanneck
J C Gehrels
C Blake
A Wood
Dr P H Gotz
Dr K L Gutberlet (resigned 1 May 2005)
K Weschta
R P Meier
J Dufour (appointed 1 May 2005)

BSH Home Appliances Limited

Directors' report

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Secretary

21st April, 2006

BSH Home Appliances Limited

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- *select suitable accounting policies and then apply them consistently;*
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of BSH Home Appliances Limited

We have audited the financial statements of BSH Home Appliances Limited for the year ended 31 December 2005 which comprise the profit and loss account, the statement of recognised gains and losses, the balance sheet and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
St Albans

25 - 4 - 2006

BSH Home Appliances Limited

Profit and loss account Year ended 31 December 2005

	Note	2005 £	2004 £ Restated
Turnover: continuing operations	3	468,700,752	472,307,200
Cost of sales		(352,654,489)	(344,924,131)
Gross profit		<u>116,046,263</u>	<u>127,383,069</u>
Selling & Distribution costs		(69,631,007)	(64,593,045)
Administrative expenses		(11,367,277)	(9,586,213)
Other operating income		(2,312,006)	(373,427)
Operating profit: continuing operations	4	<u>32,735,973</u>	<u>52,830,384</u>
Interest receivable	6	2,474,902	1,895,524
Interest payable and similar charges	7	(1,074,701)	(237,000)
Profit on ordinary activities before taxation		<u>34,136,174</u>	<u>54,488,908</u>
Tax on profit on ordinary activities	8	(10,005,408)	(16,047,792)
Profit on ordinary activities after taxation for the financial year		<u>24,130,766</u>	<u>38,441,116</u>
Dividends	9	(93,497,663)	-
Profit/(Loss) retained for the financial year	17	<u>(69,366,897)</u>	<u>38,441,116</u>

All amounts relate to continuing activities and all profits or losses have been accounted for on an historic cost basis.

BSH Home Appliances Limited

Statement of Total Recognised Gains and Losses Year ended 31 December 2005

	Note	2005 £	2004 £ Restated
Profit on ordinary activities after taxation for the financial year		24,130,766	38,441,116
Actuarial loss relating to the pension scheme		(846,000)	(1,721,000)
UK deferred tax attributable to loss		254,000	516,000
		<u>23,538,766</u>	<u>37,236,116</u>
Total recognised gains & losses relating to the year		<u>23,538,766</u>	<u>37,236,116</u>
 Note of prior period adjustment:			
Total recognised gains & losses related to the year as above		23,538,766	
Prior period adjustment (as explained in note 2)	2	(6,038,000)	
		<u>17,500,766</u>	
Total Gains & Losses Recognised Since the Last Report		<u>17,500,766</u>	


BSH Home Appliances Limited

Balance sheet 31 December 2005

	Note	2005 £	2004 £ Restated
Fixed assets			
Tangible assets	10	9,726,141	9,130,452
Investments	11	-	80,000
		<u>9,726,141</u>	<u>9,210,452</u>
Current assets			
Stocks	12	37,992,234	40,598,761
Debtors	13	71,969,125	105,778,164
Cash at bank and in hand		13,286,484	24,710,636
		<u>123,247,843</u>	<u>171,087,561</u>
Creditors: amounts falling due within one year	14	<u>(79,799,248)</u>	<u>(57,435,080)</u>
Net current assets		<u>43,448,595</u>	<u>113,652,481</u>
Total assets less current liabilities		<u>53,174,736</u>	<u>122,862,933</u>
Provisions for liabilities and charges	15	<u>(3,618,035)</u>	<u>(3,489,335)</u>
Pension Liability	18	<u>(7,279,000)</u>	<u>(7,137,000)</u>
		<u>42,277,701</u>	<u>112,236,598</u>
Capital and reserves			
Called up share capital	16	4,250,000	4,250,000
Profit and loss account	17	38,027,701	107,986,598
Total equity shareholders' funds	17	<u>42,277,701</u>	<u>112,236,598</u>

These financial statements were approved by the Board of Directors on 21st April 2006.

Signed on behalf of the Board of Directors



Director

BSH Home Appliances Limited

Notes to the financial statements

31 December 2005

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Group financial statements

Group financial statements have not been prepared as the company is exempt from the obligation to prepare group financial statements under section 228 of the Companies Act 1985. The financial statements therefore present information about the company as an individual undertaking not about its group.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent published consolidated financial statements.

Related parties transactions

The company is a wholly owned subsidiary of BSH Bosch und Siemens Hausgerate GmbH, the consolidated financial statements of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the group.

Accounting convention

The financial statements are prepared under the historical cost convention.

Fixed assets

All fixed assets are initially recorded at cost.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold Property	2.5% per annum
Short term improvements	10% per annum
Fixtures and Fittings	25% per annum
Motor vehicles	25% per annum

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments held as fixed assets are stated at cost less provision for impairment. Those held as current assets are stated at the lower of cost and net realisable value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition determined on weighted average basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

BSH Home Appliances Limited

Notes to the financial statements

31 December 2005

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets and charged to tax only where the replacement assets are sold; and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates two pension schemes both of which require contributions to be made to separately administered funds. One is a money purchase scheme and contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

The other is a defined benefit scheme and the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Warranty and guarantee costs

Provision is made for the estimated future costs of providing free service of goods sold under warranty or guarantee. The estimate is based upon the expected claim rate and the historical average cost of claims.

BSH Home Appliances Limited

Notes to the financial statements 31 December 2005

2. Prior Period Adjustment

Accounting for Retirement Benefits under FRS17

The company has adopted FRS 17 in full in the current year in accordance with UK accounting guidelines. The comparative figures in the primary statements and notes have been restated to reflect the accounting treatment.

The effects of the change in accounting treatment are summarised below (all changes are shown net of the effect of deferred taxation):

	2005 £	2004 £
Profit & loss account		
Add pension costs	704,000	761,000
Remove pension contributions recorded	(1,672,000)	(1,503,000)
Amendment to administrative expenses	(968,000)	(742,000)
Add pensions finance charges per valuation report	310,000	237,000
Increase in Profit for the Year	(658,000)	(505,000)
Balance sheet		
Increase in provision for pension deficit	(142,000)	(1,190,000)
Reversal of existing pension provision	207,000	490,000
	65,000	(700,000)
Adjustment to opening reserves for pension deficit and existing pension provisions relating to previous years	(6,038,000)	(5,338,000)
Decrease in net assets	(5,973,000)	(6,038,000)

All 2004 disclosures required by FRS17 have been included in the 2004 comparatives.

BSH Home Appliances Limited

Notes to the financial statements 31 December 2005

2. Prior Period Adjustment (continued)

Accounting for events after the balance sheet date FRS 21

The company has adopted FRS 21 in the current year in accordance with UK accounting guidelines. The comparative figures in the primary statements and notes have been restated to reflect the accounting treatment. The effects of the change in accounting treatment are summarised below:

	2005 £	2004 £
Profit & loss account		
Dividends (paid)/proposed	(93,497,663)	94,500,000
(Decrease)/Increase in retained profit for the year	<u>(93,497,663)</u>	<u>94,500,000</u>
Balance sheet		
Decrease in creditors falling due within one year	-	94,500,000
Decrease in net assets	<u>-</u>	<u>94,500,000</u>

3. Turnover

Turnover which is stated net of value added tax represents the net amounts invoiced to customers. Turnover is attributable to one continuing activity, the sale of domestic electrical and gas appliances and related spares and servicing and is generated within the United Kingdom and the Republic of Ireland.

4. Operating Profit

This is stated after charging/(crediting) the following:

	2005 £	2004 £
Auditors' remuneration		
- Audit services	69,100	99,500
- Non-audit services	66,997	59,857
Depreciation of owned fixed assets	1,103,980	1,161,015
Profit on disposal of fixed assets	(42,336)	(46,256)
Operating lease rentals – land & buildings	54,384	29,439
- plant & machinery	270,148	120,660
Net profit on foreign currency transactions	(32,737)	(2,662,243)

BSH Home Appliances Limited

Notes to the financial statements 31 December 2005

5. Information regarding directors and employees

	2005 £	2004 £ Restated
Directors' remuneration		
Emoluments	537,741	423,098
Members of defined benefit pension schemes	1	1
Remuneration of the highest paid director	360,952	251,837
Average number of persons employed	No.	No.
Services and spares	450	389
Sales and distribution	148	139
Administration	120	105
	718	633
	2005 £	2004 £
Staff costs during the year (including directors)		
Wages and salaries	20,036,004	17,920,723
Social security costs	1,953,473	1,916,173
Pension costs	1,219,053	1,527,402
	22,208,530	21,364,298

Defined benefit pension costs reported elsewhere (interest cost and actuarial gains and losses) are excluded from the figures disclosed above.

6. Interest receivable

	2005 £	2004 £
Bank interest receivable	2,474,902	1,895,524

7. Interest payable

	2005 £	2004 £ Restated
Net pension finance charge	310,000	237,000
Loan interest payable	764,701	-
	1,074,701	237,000

BSH Home Appliances Limited

Notes to the financial statements 31 December 2005

8. Tax on profit on ordinary activities

	2005 £	2004 £
United Kingdom corporation tax at 30% (2004 - 30%) based on the profit for the year	9,648,056	17,114,568
Tax over provided in previous years	(582,729)	(600,595)
Double tax relief	(10,428)	(67,341)
	<u>9,054,899</u>	<u>16,446,632</u>
Foreign Tax:		
Current year	10,428	67,341
Tax under provided in previous years	1,868	35,108
	<u>12,296</u>	<u>102,449</u>
Total current tax (note 7 (b))	<u>9,067,195</u>	<u>16,549,081</u>
Deferred Tax:		
Origination and reversal of timing differences	938,213	(558,748)
Adjustments to prior years' tax provisions	-	57,459
	<u>938,213</u>	<u>(501,289)</u>
Total deferred taxation (note 7 (c))	<u>938,213</u>	<u>(501,289)</u>
Tax on profit on ordinary activities	<u>9,005,408</u>	<u>16,047,792</u>

(b) Factors affecting current and future tax charges

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2004 – 30%). The differences are reconciled below:

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>34,136,174</u>	<u>54,488,908</u>
Corporation tax thereon		
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2004: 30%)	10,240,852	16,346,672
Disallowed expenses and non-taxable income	363,442	356,448
Depreciation in excess of capital allowances	(74,041)	50,899
Other timing differences	(872,421)	360,549
Net adjustments in respect of previous periods	(580,861)	(565,487)
Utilisation of tax losses	(9,776)	-
Total current tax (note 8(a)).	<u>9,067,195</u>	<u>16,549,081</u>

BSH Home Appliances Limited

Notes to the financial statements 31 December 2005

8. Tax on profit on ordinary activities (continued)

(c) Deferred tax

The deferred tax assets/(liabilities) at the balance sheet date were as follows:

	Recognised 2005 £	Recognised 2004 £
Accelerated capital allowances	(140,929)	(35,984)
Other timing differences	1,026,872	1,667,140
Tax losses carried forward	-	-
	<u>885,943</u>	<u>1,631,156</u>

9. Dividends

	2005 £	2004 £ Restated
Equity dividends on ordinary shares:		
Final dividend paid	<u>93,497,663</u>	<u>-</u>

No dividends have been proposed for the year ended 31 December 2005.

BSH Home Appliances Limited

Notes to the financial statements 31 December 2005

10. Tangible fixed assets

	Freehold Property £	Fixtures & Fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2005	11,338,102	2,033,894	3,485,342	16,857,338
Additions	-	108,976	1,739,121	1,848,097
Disposals	-	-	(1,089,079)	(1,089,079)
	<u>11,338,102</u>	<u>2,142,870</u>	<u>4,135,384</u>	<u>17,616,356</u>
At 31 December 2005	11,338,102	2,142,870	4,135,384	17,616,356
Accumulated depreciation				
At 1 January 2005	3,426,357	1,866,846	2,433,683	7,726,886
Charge for the year	413,927	64,629	625,424	1,103,980
Disposals	-	-	(940,651)	(940,651)
	<u>3,840,284</u>	<u>1,931,475</u>	<u>2,118,456</u>	<u>7,890,215</u>
At 31 December 2005	3,840,284	1,931,475	2,118,456	7,890,215
Net book value				
At 31 December 2005	<u>7,497,818</u>	<u>211,395</u>	<u>2,016,928</u>	<u>9,726,141</u>
At 1 January 2005	<u>7,911,745</u>	<u>167,048</u>	<u>1,051,659</u>	<u>9,130,452</u>

Included in freehold property is land with a purchase price of £2,250,000 which is not depreciated.

11. Investments

Cost and net book value	Shares in subsidiaries £
At 1 st January 2005	80,000
Disposals	(80,000)
	<u>-</u>
At 31st December 2005	-

BSH Home Appliances Limited

Notes to the financial statements 31 December 2005

12. Stocks

	2005 £	2004 £
Spare parts for resale	1,650,115	1,736,281
Appliances for resale	36,342,119	38,861,480
	<u>37,992,234</u>	<u>40,598,761</u>

The replacement cost of stocks held by the company at 31 December 2005 and 2004 is not materially different from the balance sheet values above.

Included in the above is £28,545,000 (2004: 37,243,000) of stock held subject to reservation of title.

13. Debtors

	2005 £	2004 £
Trade debtors	36,018,349	44,787,671
Amounts owed by group undertakings	35,056,443	59,256,464
Other debtors	8,390	102,873
Deferred taxation (note 7)	885,943	1,631,156
	<u>71,969,125</u>	<u>105,778,164</u>

14. Creditors: amounts falling due within one year

	2005 £	2004 £ Restated
Trade creditors	4,155,670	3,745,090
Amounts owed to group undertakings	57,427,392	30,888,787
Current corporation tax	4,973,067	11,763,122
Other taxes	4,775,318	3,251,208
Accruals and deferred income	8,467,801	7,786,873
	<u>79,799,248</u>	<u>57,435,080</u>

BSH Home Appliances Limited

Notes to the financial statements 31 December 2005

15. Provisions for liabilities and charges

	Warranties and guarantees
Balance at 31 December 2005	3,489,335
Utilisation	128,700
	<hr/>
Balance at 31 December 2005	<u>3,618,035</u>

Provision is made for the estimated future costs of providing free service of goods sold under warranty or guarantee. The estimate is based upon the expected claim rate and the historical average cost of claims.

16. Share capital

	2005 £	2004 £
Authorised:		
ordinary shares of £1 each	<u>4,250,000</u>	<u>4,250,000</u>
Called up, allotted and fully paid		
4,250,000 ordinary shares of £1 each	<u>4,250,000</u>	<u>4,250,000</u>

17. Reconciliation of shareholders' funds and movement on reserves

	Share Capital £	Profit and loss account £	Total share- holders' funds £
At 1 January 2004 as previously stated	4,250,000	76,088,482	80,338,482
Prior year adjustment FRS 17	-	(5,338,000)	(5,338,000)
	<hr/>	<hr/>	<hr/>
At 1 January 2004 as restated	4,250,000	70,750,482	75,000,482
Profit retained for the year	-	38,441,116	38,441,116
Net actuarial Loss	-	(1,205,000)	(1,205,000)
	<hr/>	<hr/>	<hr/>
At 31 December 2004 restated	4,250,000	107,986,598	112,236,598
Loss retained for the year	-	(69,366,897)	(69,366,897)
Net actuarial Loss	-	(592,000)	(592,000)
	<hr/>	<hr/>	<hr/>
At 31 December 2005	<u>4,250,000</u>	<u>38,027,701</u>	<u>42,277,701</u>

BSH Home Appliances Limited

Notes to the financial statements

31 December 2005

17. Reconciliation of shareholders' funds and movement on reserves (continued)

The profit and loss account is made up as follows:-

	2005 £	2004 £
Pension Reserve	(7,279,000)	(7,137,000)
Retained profit	45,306,701	115,123,598
	<u>38,027,701</u>	<u>107,986,598</u>
Profit & Loss Reserve	<u>38,027,701</u>	<u>107,986,598</u>

18. Pension commitments

The company operates a scheme with separate final salary and money purchase sections in the UK.

The pension cost charges to the profit and loss account for the year for the money purchase section of the scheme was £448,526 (2004: £691,587).

A full actuarial valuation was carried out at 31 December 2003 and updated to 31 December 2005 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	2005 %	2004 %	2003 %
Rate of increase in salaries	4.3	4.3	3.8
Rate of increase of pensions in payment (post 5 April 1997 pensions only)	3.5	3.5	2.8
Discount rate	4.8	5.3	5.4
Inflation assumption	2.3	2.8	2.8

The assets in the final salary section of the scheme and the expected rate of return were:

	Long-term asset return expected 31 December 2005 %	Value 31 December 2005 £	Long-term asset return expected 31 December 2004 %	Value at 31 December 2004 £	Long-term asset return expected 31 December 2003 %	Value at 31 December 2003 £
Equities	6.6	14,121,000	7.0	11,292,000	7.5	9,277,000
Bonds	3.9	4,691,000	4.4	2,824,000	5.4	2,740,000
		<u>18,812,000</u>		<u>14,116,000</u>		<u>12,017,000</u>
Total market value of assets		18,812,000		14,116,000		12,017,000
Actuarial value of liability		(29,210,000)		(24,312,000)		(20,513,000)
		<u>(10,398,000)</u>		<u>(10,196,000)</u>		<u>(8,496,000)</u>
Deficit in the scheme		(10,398,000)		(10,196,000)		(8,496,000)
Related deferred tax asset		3,119,000		3,059,000		2,549,000
		<u>(7,279,000)</u>		<u>(7,137,000)</u>		<u>(5,947,000)</u>
Net pension liability		<u>(7,279,000)</u>		<u>(7,137,000)</u>		<u>(5,947,000)</u>

BSH Home Appliances Limited

Notes to the financial statements 31 December 2005

18. Pension commitments (continued)

Analysis of the amount charged to operating profit:

	Year to 31 December 2005 £	Year to 31 December 2004 £
Current service cost	704,000	761,000
Total Operating charge	<u>704,000</u>	<u>761,000</u>

Analysis of the amount included as other finance costs:

	Year to 31 December 2005 £	Year to 31 December 2004 £
Expected return on pension scheme assets	973,000	882,000
Interest on pension liabilities	<u>(1,283,000)</u>	<u>(1,119,000)</u>
Net finance charge	<u>(310,000)</u>	<u>(237,000)</u>

Analysis of the amount recognised in Statement of Total Recognised Gains and Losses (STRGL):

	Year to 31 December 2005 £	Year to 31 December 2004 £
Actual return less expected return on assets	2,028,000	523,000
Experience gains and losses on liabilities	(89,000)	(591,000)
Changes in assumptions	<u>(2,785,000)</u>	<u>(1,653,000)</u>
Actuarial loss recognised in STRGL	<u>(846,000)</u>	<u>(1,721,000)</u>

BSH Home Appliances Limited

Notes to the financial statements 31 December 2005

18. Pension commitments (continued)

Movements in deficit during the year:

	Year to 31 December 2005 £	Year to 31 December 2004 £
Deficit in scheme at beginning of year	(10,196,000)	(8,496,000)
Movement in year:		
Current service cost	(704,000)	(761,000)
Contributions	1,658,000	1,019,000
Net return on assets/interest cost	(310,000)	(237,000)
Actuarial loss	(846,000)	(1,721,000)
Deficit in scheme	<u>(10,398,000)</u>	<u>(10,196,000)</u>

No improvements in benefits were made in the financial year. Company contributions were 20% for ex Robert Bosch members' Pensionable Salaries and 15% for other members' Pensionable Salaries.

Movements in deficit during the year:

	Year to 31 December 2005 £	Year to 31 December 2004 £
Difference between expected and actual return on scheme assets	2,028,000	523,000
Percentage of scheme assets	11%	4%
Experience gains and losses on scheme liabilities	(89,000)	(591,000)
Percentage of scheme assets	0%	2%
Total amount recognised in statement of total recognised gains and losses	(846,000)	(1,721,000)
Percentage of scheme assets	3%	7%

BSH Home Appliances Limited

Notes to the financial statements

31 December 2005

19. Commitments under operating leases

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and Buildings £	2005 Other £	Land and buildings £	2004 Other £
Leases which expire:				
Within one year	12,403	38,936	34,519	68,266
Within two to five years	71,653	130,520	32,851	91,542
After five years	2,091,375	-	99,653	-
	<u>2,175,431</u>	<u>169,456</u>	<u>167,023</u>	<u>159,808</u>

20. Ultimate parent company

The company is a subsidiary undertaking of BSH Bosch und Siemens Hausgerate GmbH, registered in the Federal Republic of Germany. BSH Bosch und Siemens Hausgerate GmbH is regarded by the directors as being the company's ultimate parent company and controlling entity and it is also the parent undertaking of the smallest and largest group of which the company is a member and for which group financial statements are prepared.

Copies of the group financial statements are available from Carl-Wery-Strasse 34, 81739 Munich Germany.