

Company Registration No. 1844007

BSH Home Appliances Limited

Report and Financial Statements

31 December 2008

**Deloitte LLP
St Albans**

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BSH Home Appliances Limited

Report and financial statements 2008

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BSH Home Appliances Limited

Report and financial statements 2008

Officers and professional advisers

Directors

J Dufour
E-U Hanneck
C Blake
A Wood
K Weschta
R P Meier
T Baader

Secretary

C Blake

Registered Office

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

Bankers

HSBC Bank plc
High Street
Uxbridge
Middlesex
UB8 1BY

Auditors

Deloitte 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 2008.

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 Home Appliances Holding GmbH.

Business review

GfK and Amdea combined market data indicated a decline of 8.2% in domestic appliance overall market volume for the period January to December 2008. This market contraction was more heavily weighted on the built in appliances as opposed to the freestanding appliance market. BSH experienced a decline in gross turnover of 6.6% compared to 2007, which the directors believe to be a satisfactory result when compared to the market.

In this environment and with the additional challenges of increasing costs and downward market price pressure, BSH Home Appliances Limited has been successful in reporting a result for 2007 that shows an increase in average revenues and above planned profitability.

Future risks and uncertainties

The directors consider that 2009 will hold a great deal of uncertainty with a slowing economy, restrictive availability of consumer credit and further falls in the housing market. However the directors consider that the two greatest risks for 2009 will be credit risk and foreign exchange risk.

Credit risk

The company has operated a very prudent approach in terms of its exposure to credit risk for several years. Credit insurance where available, is obtained for all customers and trading credit limits are set in line with those insured limits. Credit limits are intergrated into the company's financial IT system and exposure to risk is mitigated based on these limits.

Foreign exchange risk

BSH has significant foreign exchange risk as the vast majority of the company's operations are in the UK market. Principally products sold in this market are imported from Europe and are purchased in Euros. BSH has a policy of minimising risk by seeking to match future currency based commercial transactions with forward contracts. BSH also uses expertise at its parent company for exchange rate risk management advice.

Other risks

The company takes its responsibilities towards the environment seriously. With this in mind and to ensure that BSH meets its obligations under the WEEE (Waste Electrical and Electronic Equipment) Directive, it is a founder member of the REPIC compliance scheme.

BSH Home Appliances Limited

Directors' report

Key performance indicators

The directors believe that asset management is critical to the success of the company and as such use the following key indicators.

	2008	2007	+/- %
Sales volume (MDA only) (units)	1,663,235	1,992,569	-16.5%
Sales revenue (£)	482,529,188	516,769,206	-6.6%
Stock coverage (MDA only)	33 days	30 days	
Trade debtors coverage	31 days	33 days	

(MDA – Major Domestic Appliances)

Results and dividends

The profit for the year, after taxation, amounted to £27,644,005 (2007: £36,604,896). The directors proposed a dividend in the current year of £36,600,000 (2007: £31,000,000) of which £36,600,000 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.

BSH Home Appliances Limited

Directors' report

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:

J Dufour
E-U Hanneck
C Blake
A Wood
K Weschta
R P Meier
T Baader

Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234Za of the Companies Act 1985

Deloitte 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

BSH Home Appliances Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the directors to prepare such financial statements for each financial year which 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 and comply with UK GAAP and the Companies Act 1985. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which comply with the requirements of the Companies Act 1985.

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 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 21. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgments 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.

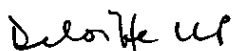
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

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

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 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte LLP
Chartered Accountants and Registered Auditors
St Albans, United Kingdom

6 March 2009

BSH Home Appliances Limited

Profit and loss account Year ended 31 December 2008

	Note	2008 £	2007 £
Turnover: continuing operations	2	482,529,188	516,769,206
Cost of sales		(369,152,420)	(383,355,853)
Gross profit		113,376,768	133,413,353
Selling & Distribution costs		(65,614,818)	(69,773,688)
Administrative expenses		(13,747,167)	(11,836,303)
Other operating income		2,921,442	1,674,751
Other operating expenses		-	(1,408,093)
Operating profit: continuing operations	3	36,936,225	52,070,020
Interest receivable	6	1,573,886	1,565,633
Interest payable and similar charges	7	(42,774)	(184,883)
Profit on ordinary activities before taxation	3	38,467,337	53,450,770
Tax on profit on ordinary activities	8	(10,823,332)	(16,845,874)
Profit retained for the financial year	17	27,644,005	36,604,896

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 2008

	Note	2008 £	2007 £
Profit on ordinary activities after taxation for the financial year		27,644,005	36,604,896
Actuarial (loss) / gain relating to the pension scheme	18	(3,035,000)	1,850,000
UK deferred tax attributable to loss / (gain)		<u>849,800</u>	<u>(555,000)</u>
Total recognised gains & losses relating to the year		<u><u>25,458,805</u></u>	<u><u>37,899,896</u></u>

BSH Home Appliances Limited

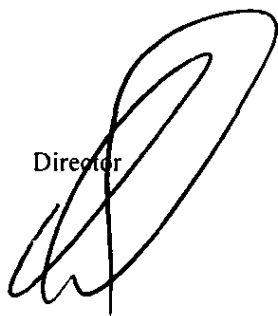
Balance sheet 31 December 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	10	10,684,502	10,195,157
Intangible assets	11	-	-
		<u>10,684,502</u>	<u>10,195,157</u>
Current assets			
Stocks	12	33,874,477	40,294,713
Debtors	13	44,640,415	57,400,633
Cash at bank and in hand		13,218,809	14,586,398
		<u>91,733,701</u>	<u>112,281,744</u>
Creditors: amounts falling due within one year	14	<u>(50,644,356)</u>	<u>(59,441,368)</u>
Net current assets		<u>41,089,345</u>	<u>52,840,376</u>
Total assets less current liabilities		<u>51,773,847</u>	<u>63,035,533</u>
Provisions for liabilities and charges	15	<u>(1,875,460)</u>	<u>(2,643,565)</u>
Pension liability	18	<u>(5,785,200)</u>	<u>(5,138,640)</u>
		<u>44,113,187</u>	<u>55,253,328</u>
Capital and reserves			
Called up share capital	16	4,250,000	4,250,000
Profit and loss account	17	39,863,187	51,003,328
Total shareholders' funds	17	<u>44,113,187</u>	<u>55,253,328</u>

These financial statements were approved by the Board of Directors on 05.01 2009.

Signed on behalf of the Board of Directors

Director



BSH Home Appliances Limited

Notes to the financial statements **31 December 2008**

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 Home Appliances Holding 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	3.03% per annum
Fixtures and Fittings	12.5% per annum
Motor vehicles	16.6% 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.

Intangible fixed assets

Goodwill on the acquisition of a domestic appliance division from a related party was capitalised in the year. Following this an impairment review was carried out on the asset which was subsequently fully written down.

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 2008**

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 or, if hedged, at the forward contract rate.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate.

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 operated two pension schemes both of which required contributions to be made to separately administered funds. One was a Stakeholder Scheme and contributions were 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.

BSH Home Appliances Limited

Notes to the financial statements 31 December 2008

1. Accounting policies (continued)

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.

Going concern

The company's business activities and main risk factors and uncertainties are set on in the Business Review on pages 2 and 3.

The company considers that its considerable financial resources together with its diverse customer base, long established trading relationships and low cost base mean that it is well placed to manage its business risk successfully despite the current uncertain economic outlook.

After carrying out a thorough business review the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2. 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.

3. Profit on ordinary activities before taxation

	2008 £	2007 £
This is stated after charging/(crediting) the following:		
Depreciation of owned fixed assets	1,016,936	(217,038)
Profit on the disposal of fixed assets	(116,372)	(86,630)
Operating lease rentals – other	2,042,020	2,042,020
- plant & machinery	596,929	559,524
Fees payable to the Company's auditors for		
- the audit of the Company's annual accounts	72,699	70,929
- other services	18,200	23,500

BSH Home Appliances Limited

Notes to the financial statements 31 December 2008

4. Staff costs

	2008 Number	2007 Number
Average number of persons employed		
Services and spares	500	490
Sales and distribution	151	149
Administration	166	158
	<u>817</u>	<u>797</u>

	2008 £	2007 £
Their aggregate remuneration comprised:		
Staff costs during the year (including directors)		
Wages and salaries	23,120,365	23,478,546
Social security costs	2,324,691	2,172,990
Pension costs	1,273,636	1,591,544
	<u>26,718,692</u>	<u>27,243,080</u>

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

5. Directors' remuneration

	2008 £	2007 £
Directors' remuneration		
Emoluments	<u>545,772</u>	<u>531,857</u>
	2008 No.	2007 No.
The number of directors who:		
Members of defined benefit pension schemes	<u>1</u>	<u>1</u>
	2008 £	2007 £
Remuneration of the highest paid director:		
Emoluments	<u>330,667</u>	<u>328,487</u>

BSH Home Appliances Limited

Notes to the financial statements 31 December 2008

6. Interest receivable

	2008 £	2007 £
Bank interest receivable	<u>1,573,886</u>	<u>1,565,633</u>

7. Interest payable

	2008 £	2007 £
Net pension finance charge	19,000	133,000
Loan interest payable	<u>23,774</u>	<u>51,883</u>
	<u>42,774</u>	<u>184,883</u>

8. Tax on profit on ordinary activities

	2008 £	2007 £
(a) Tax on profit on ordinary activities		
United Kingdom corporation tax at 28.5% (2007 - 30%) based on the profit for the year	9,675,240	15,922,312
Tax under / (over) provided in previous years	(253,809)	191,547
Double tax relief	<u>(63,055)</u>	<u>(16,418)</u>
	<u>9,992,104</u>	<u>16,097,441</u>
	2008 £	2007 £
Foreign Tax:		
Current year	63,055	16,418
Tax under provided in previous years	<u>22,985</u>	<u>(1,700)</u>
	<u>86,040</u>	<u>14,718</u>
Total current tax (note 8 (b))	<u>10,078,144</u>	<u>16,112,159</u>
Deferred Tax:		
Effect of change in tax rate on opening liability	(39,751)	-
Origination and reversal of timing differences	<u>793,939</u>	<u>733,715</u>
Total deferred taxation (note 8 (c))	<u>754,188</u>	<u>733,715</u>

BSH Home Appliances Limited

Notes to the financial statements 31 December 2008

8. Tax on profit on ordinary activities (continued)

	2008	2007
	£	£
Tax on profit on ordinary activities	<u>10,823,332</u>	<u>16,845,874</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 28.5% (2007 – 30%). The differences are reconciled below:

	2008	2007
	£	£
Profit on ordinary activities before taxation	<u>38,467,337</u>	<u>53,450,770</u>
Corporation tax thereon		
Profit on ordinary activities multiplied by the standard rate of corporation tax of 28.5% (2007: 30%)	10,963,191	16,035,231
Disallowed expenses and non-taxable income	405,401	7,719
Depreciation in excess of capital allowances	(149,426)	(186,437)
Other timing differences	(910,198)	65,799
Net adjustments in respect of previous periods	<u>(230,824)</u>	<u>189,847</u>
Total current tax (note 8(a)).	<u>10,078,144</u>	<u>16,112,159</u>

(c) Deferred tax

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

	Recognised 2008	Recognised 2007
	£	£
(Decelerated)/accelerated capital allowances	241,692	179,744
Other timing differences	512,496	553,971
	<u>754,188</u>	<u>773,715</u>

9. Dividends

	2008	2007
	£	£
Equity dividends on ordinary shares:		
Interim dividend paid	<u>36,600,000</u>	<u>31,000,000</u>

No final dividends have been proposed for the year ended 31 December 2008.

BSH Home Appliances Limited

Notes to the financial statements 31 December 2008

10. Tangible fixed assets

	Freehold Property £	Fixtures & Fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2008	11,338,102	2,173,137	4,286,162	17,797,401
Additions	-	253,363	1,396,916	1,650,279
Disposals	-	-	(921,503)	(921,503)
	<u>11,338,102</u>	<u>2,426,500</u>	<u>4,761,575</u>	<u>18,526,177</u>
At 31 December 2008	11,338,102	2,426,500	4,761,575	18,526,177
Accumulated depreciation				
At 1 January 2008	3,093,007	1,869,693	2,639,544	7,602,244
Charge for the year	275,397	119,506	622,033	1,016,936
Disposals	-	-	(777,505)	(777,505)
	<u>3,368,404</u>	<u>1,989,199</u>	<u>2,484,072</u>	<u>7,841,675</u>
At 31 December 2008	3,368,404	1,989,199	2,484,072	7,841,675
Net book value				
At 31 December 2008	<u>7,969,698</u>	<u>437,301</u>	<u>2,277,503</u>	<u>10,684,502</u>
At 1 January 2008	<u>8,245,095</u>	<u>303,444</u>	<u>1,646,618</u>	<u>10,195,157</u>

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

BSH Home Appliances Limited

Notes to the financial statements 31 December 2008

11. Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2008	-
Additions	542,315
Disposals	-
	<hr/>
At 31 December 2008	542,315
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Amortisation	
At 1 January 2008	-
Charge for the year	542,315
Disposals	-
	<hr/>
At 31 December 2008	542,315
	<hr/>
Net book value	
At 31 December 2008	-
	<hr/> <hr/>
At 1 January 2008	-
	<hr/> <hr/>

12. Stocks

	2008 £	2007 £
Spare parts for resale	1,883,214	1,500,297
Appliances for resale	31,993,263	38,794,417
	<hr/>	<hr/>
	33,874,477	40,294,714
	<hr/> <hr/>	<hr/> <hr/>

The replacement cost of stocks held by the company at 31 December 2008 and 2007 is not materially different from the balance sheet values above.

Included in the above is £29,655,322 (2007: £34,548,839) of stock held subject to reservation of title.

13. Debtors

	2008 £	2007 £
Trade debtors	29,323,996	44,536,331
Amounts owed by group undertakings	15,115,977	12,356,364
Other debtors	165,339	247,982
Pension prepayment	-	84,200
Deferred taxation (note 8)	35,103	175,756
	<hr/>	<hr/>
	44,640,415	57,400,633
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BSH Home Appliances Limited

Notes to the financial statements 31 December 2008

14. Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	5,641,653	7,682,985
Amounts owed to group undertakings	26,342,100	25,878,628
Current corporation tax	7,084,472	11,050,520
Other taxes	2,600,622	4,539,928
Accruals and deferred income	8,975,509	10,289,307
	<u>50,644,356</u>	<u>59,441,368</u>

15. Provisions for liabilities and charges

	Warranties and guarantees
Balance at 31 December 2008	2,643,565
Utilised in the year	(872,404)
New provision added in year	104,299
Balance at 31 December 2008	<u>1,875,460</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

	2008 £	2007 £
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>

BSH Home Appliances Limited

Notes to the financial statements 31 December 2008

17. Reconciliation of shareholders' funds and movement on reserves

	Share Capital £	Profit and loss account £	Total share- holders' funds £
At 1 January 2007	4,250,000	44,104,486	48,354,486
Profit for the year	-	36,604,896	36,604,896
Dividends paid on equity shares	-	(31,000,000)	(31,000,000)
Net actuarial Gain	-	1,295,000	1,295,000
At 31 December 2007	4,250,000	51,004,382	55,254,382
Profit for the year	-	27,644,005	27,644,005
Dividends paid on equity shares	-	(36,600,000)	(36,600,000)
Net actuarial (loss) / gain	-	(2,185,200)	(2,185,200)
At 31 December 2008	4,250,000	39,863,187	44,113,187

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

	2008 £	2007 £
Pension Reserve	(5,785,200)	(5,138,640)
Retained profit	45,648,387	56,143,022
Profit & Loss Reserve	39,863,187	51,004,382

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 and stakeholder section of the scheme was £696,806 (2007: £662,871).

A full actuarial valuation was carried out at 31 January 2007 and updated to 31 December 2008 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	2008 %	2007 %	2006 %
Rate of increase in salaries	4.5	4.9	4.5
Rate of increase of pensions in payment (post 5 April 1997 pensions only)	3.0	3.4	3.5
Discount rate	5.6	5.5	5.1
Inflation assumption	3.0	3.4	3.0

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18. Pension commitments (continued)

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

	Long-term asset return expected 31 December 2008 %	Value 31 December 2008 £'000	Long-term asset return expected 31 December 2007 %	Value 31 December 2007 £'000	Long-term asset return expected 31 December 2006 %	Value at 31 December 2006 £'000
Equities	6.7%	12,391	7.7	16,680	7.5	15,551
Cash	-	201	-	-	-	-
Bonds	5.0%	11,712	5.1	8,205	4.8	6,700
Total market value of assets		24,304		24,885		22,251
Actuarial value of liability		(32,339)		(32,022)		(32,149)
Deficit in the scheme		(8,035)		(7,137)		(9,898)
Related deferred tax asset		2,250		1,998		2,969
Net pension liability		(5,785)		(5,139)		(6,929)

Analysis of the amount charged to operating profit:

	Year to 31 December 2008 £	Year to 31 December 2007 £
Current service cost	565,000	604,000
Total operating charge	565,000	604,000

Analysis of the amount included as other finance costs:

	Year to 31 December 2008 £	Year to 31 December 2007 £
Expected return on pension scheme assets	1,770,000	1,537,000
Interest on pension liabilities	(1,789,000)	(1,670,000)
Net finance charge	(19,000)	(133,000)

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

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18. Pension commitments (continued)

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

	Year to 31 December 2008 £	Year to 31 December 2007 £
Actual return less expected return on assets	(4,768,000)	(349,000)
Experience gains and losses on liabilities	-	190,000
Changes in assumptions	1,733,000	2,009,000
Actuarial (loss)/ gain recognised in STRGL	<u>(3,035,000)</u>	<u>1,850,000</u>

Movements in deficit during the year:

	Year to 31 December 2008 £	Year to 31 December 2007 £
Deficit in scheme at beginning of year	(7,137,000)	(9,898,000)
Movement in year:		
Current service cost	(565,000)	(604,000)
Contributions	3,518,000	1,648,000
Net return on assets/interest cost	(19,000)	(133,000)
Actuarial loss	(3,035,000)	1,850,000
Deficit in scheme	<u>(8,035,000)</u>	<u>(7,137,000)</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.

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18. Pension commitments (continued)

Movements in deficit during the year:

	Year to 31 December 2008 £	Year to 31 December 2007 £	Year to 31 December 2006 £	Year to 31 December 2005 £	Year to 31 December 2004 £
Difference between expected and actual return on scheme assets	(4,768,000)	(349,000)	808,000	2,028,000	1,042,000
Percentage of scheme assets	20%	1%	4%	11%	9%
Experience gains and losses on scheme liabilities	-	190,000	-	(89,000)	391,000
Percentage of scheme assets	0%	1%	0%	0%	3%
Total amount recognised in statement of total recognised gains and losses	(3,035,000)	1,850,000	(302,000)	(846,000)	(226,000)
Percentage of scheme assets	12%	6%	1%	3%	(2%)

19. Commitments under operating leases

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below:

	2008		2007	
	Land and Buildings £	Other £	Land and buildings £	Other £
Leases which expire:				
Within one year	-	47,462	-	245,890
Within two to five years	71,653	269,525	71,653	70,231
After five years	2,091,375	-	2,091,375	-
	<u>2,163,028</u>	<u>316,987</u>	<u>2,163,028</u>	<u>316,121</u>

20. Derivatives not included at fair value

The company has derivatives at the year ending 31 December 2008 which are not included at fair value in the accounts:

	Principal £	Fair value £
Forward foreign exchange contracts	41,338,189	8,287,377

The company uses the forward contracts to hedge its exposures to changes in foreign currency exchange rates. The fair values are based on market values of equivalent instruments at the balance sheet date.

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21. Ultimate parent company

The company is a subsidiary undertaking of BSH Home Appliances Holding GmbH, registered in Austria. 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.