

Company Registration No. 01844007

BSH Home Appliances Limited

Report and Financial Statements

31 December 2010

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BSH Home Appliances Limited

Report and financial statements 2010

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BSH Home Appliances Limited

Officers and professional advisers

Directors

J Dufour
E-U Hanneck (resigned 31 12 2010)
C Blake
K Fouquet
T Baader
C Prenzel (appointed 01 07 2010)
M Steinle (appointed 01 01 2011)

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

Allied Irish Bank
7/12 Damst
Dublin 2

Ulster Bank
130 Lower Baggot Street
Dublin 2

Auditor

Deloitte LLP
Chartered Accountants & Statutory Auditor
St Albans

Solicitors

Shoemiths LLP
Crown Street
Berkshire
Reading
RA1 2PQ

Eversheds LLP
Senator House
85 Queen Street
London
EC4V 4JL

Herbert Smith LLP
Exchange House
Primrose Street
London
EC2A 2HS

BSH Home Appliances Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

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 market research group and the The Association of Manufacturers of Domestic Appliances combined UK market data, indicated an increase of 3.1% in domestic appliance overall market volume for the period January to December 2010. This market expansion was more heavily weighted in freestanding market segments as opposed to the built in appliance market. BSH Home Appliances Limited ("BSH") experienced an increase in gross turnover of 3.9% compared to 2009, 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 has been successful in reporting a result for 2010 that shows an increase in revenues and profitability that exceeded expectations.

Future risks and uncertainties

The directors consider that 2011 will be a particularly challenging with the prospect of rising interest rates, government austerity measures and falling consumer disposable incomes. Added to this is the ongoing risk in the housing market which is expected to have a proportional impact on the home appliance market. However the directors consider that the two greatest risks for 2011 will be consumer confidence and foreign exchange risk.

Consumer Confidence

The UK consumer has experienced a decline in disposable income in the past 12 months as pay rises increased at a slower pace compared to the CPI. It is anticipated that this decline in spending power will increase in pace during 2011 and with the prospect of increasing interest rates on the horizon, the directors consider there to be a risk of a further market downturn in the second half of 2011. To combat exposure to this risk, BSH has a policy of highlighting to consumers the build quality, reliability and energy efficiency rating of BSH appliances and to emphasise the whole life value in those appliances.

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 (Recycling Electrical Producers' Industry Consortium) compliance scheme.

BSH Home Appliances Limited

Directors' report

Key performance indicators

The directors monitor the following key indicators

	2010	2009	+/- %
Sales volume (MDA only) (units)	1,463,361	1,391,178	+ 5.2 %
Sales revenue (£)	477,119,790	459,249,906	+ 3.9 %
Stock coverage (MDA only)	32 days	36 days	
Trade debtors coverage	32 days	31 days	

(MDA – Major Domestic Appliances)

Results and dividends

The profit for the year, after taxation, amounted to £19,172,323 (2009: £22,478,794). The directors proposed a dividend in the current year of £22,000,000 (2009: £27,600,000) of which £22,000,000 (2009: £27,600,000) 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.

Going concern

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.

BSH Home Appliances Limited

Directors' report

Directors

The directors who served throughout the year and to the date of signing these accounts are listed on page 1

Auditor

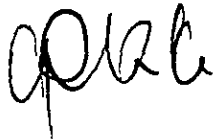
Each of the persons who is a director at the date of approval of this report confirms that

- So far as the director is aware, there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor 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



COLIN BLAKE .

Secretary



February 2011

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 2006. 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 2006.

Independent auditor's 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 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Paul Schofield (Senior Statutory Auditor)

For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
St Albans, United Kingdom

3 March 2011

BSH Home Appliances Limited

Profit and loss account Year ended 31 December 2010

	Note	2010 £	2009 £
Turnover: continuing operations	2	476,519,790	459,249,906
Cost of sales		<u>(368,792,059)</u>	<u>(362,395,196)</u>
Gross profit		107,727,731	96,854,710
Selling & Distribution costs		(79,111,785)	(51,151,354)
Administrative expenses		(10,208,608)	(14,468,339)
Other operating income		19,312,609	6,567,563
Other operating expenses		<u>(8,921,056)</u>	<u>(6,028,650)</u>
Operating profit: continuing operations		28,798,891	31,773,930
Interest receivable and similar income	6	96,835	229,181
Interest payable and similar charges	7	<u>(398,309)</u>	<u>(534,754)</u>
Profit on ordinary activities before taxation	3	28,497,417	31,468,357
Tax on profit on ordinary activities	8	<u>(9,325,094)</u>	<u>(8,989,563)</u>
Profit retained for the financial year	16	<u><u>19,172,323</u></u>	<u><u>22,478,794</u></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 2010

	Note	2010 £	2009 £
Profit on ordinary activities after taxation for the financial year		19,172,323	22,478,794
Actuarial gain relating to the pension scheme	17	1,509,000	253,000
UK deferred tax charge attributable to gain		<u>(407,430)</u>	<u>(70,840)</u>
Total recognised gains & losses relating to the year		<u><u>20,273,893</u></u>	<u><u>22,660,954</u></u>

BSH Home Appliances Limited

Balance sheet 31 December 2010

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	10	9,831,436	9,940,506
		<u>9,831,436</u>	<u>9,940,506</u>
Current assets			
Stocks	11	40,900,227	41,278,893
Debtors	12	79,025,717	36,430,265
Cash at bank and in hand		4,854,557	14,731,933
		<u>124,780,501</u>	<u>92,441,091</u>
Creditors: amounts falling due within one year	13	(77,641,648)	(56,355,625)
Net current assets		<u>47,138,853</u>	<u>36,085,466</u>
Total assets less current liabilities		56,970,289	46,025,972
Provisions for liabilities and charges	14	(17,625,011)	(2,445,457)
Pension liability	17	(1,897,270)	(4,406,400)
		<u>37,448,008</u>	<u>39,174,115</u>
Capital and reserves			
Called up share capital	15	4,250,000	4,250,000
Profit and loss account	16	33,198,008	34,924,115
Total shareholders' funds	16	<u>37,448,008</u>	<u>39,174,115</u>

Company registered number 01844007

These financial statements were approved by the Board of Directors on 25 February 2011

Signed on behalf of the Board of Directors



Director

Colin Blake

BSH Home Appliances Limited

Notes to the financial statements **31 December 2010**

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently through the period and preceding period, are described below.

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.

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 (fork lift trucks 25%)

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.

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.

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes and as such FRS 26 and FRS 29 are not applied.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

BSH Home Appliances Limited

Notes to the financial statements 31 December 2010

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, even if payments are not made on such a basis

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 2010

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 out 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

	2010 £	2009 £
This is stated after charging/(crediting) the following		
Depreciation of owned fixed assets (note 10)	943,864	1,259,437
Profit on the disposal of fixed assets	(37,709)	(11,843)
Operating lease rentals - other	2,000,884	2,042,020
- plant & machinery	890,301	860,486
Fees payable to the Company's auditors for		
- the audit of the Company's annual accounts	76,270	74,362
- other services	28,219	27,513
Cost of defined contribution pension scheme	712,149	745,101
Net amount of foreign exchange losses	(6,296,668)	(7,279,712)
Intercompany interest received	96,835	142,548

BSH Home Appliances Limited

Notes to the financial statements 31 December 2010

4. Employees and Staff costs

	2010 Number	2009 Number
Average number of persons employed (including directors)		
Services and spares	468	477
Sales and distribution	153	159
Administration	151	146
	<u>772</u>	<u>782</u>
	2010 £	2009 £
Their aggregate remuneration comprised		
Staff costs during the year (including directors)		
Wages and salaries	24,343,968	23,295,901
Social security costs	2,557,537	2,299,490
Pension costs	2,278,997	2,059,501
	<u>29,180,502</u>	<u>27,654,892</u>

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

5. Directors' remuneration

	2010 £	2009 £
Directors' remuneration		
Emoluments	<u>626,087</u>	<u>440,358</u>
Remuneration of the highest paid director:		
Emoluments	<u>356,373</u>	<u>272,095</u>
	2010 No.	2009 No.
The number of directors who are:		
Members of defined benefit pension schemes	<u>1</u>	<u>1</u>

Four (2009 three) of the directors were remunerated by another group company. They received no (2009 £nil) remuneration for services provided to the company.

BSH Home Appliances Limited

Notes to the financial statements 31 December 2010

6. Interest receivable and other income

	2010 £	2009 £
Intercompany interest receivable	<u>96,835</u>	<u>229,181</u>

7. Interest payable and similar charges

	2010 £	2009 £
Net pension finance charge (note 17)	274,000	480,000
Loan interest payable	<u>124,309</u>	<u>54,754</u>
	<u>398,309</u>	<u>534,754</u>

8. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities	2010 £	2009 £
United Kingdom corporation tax at 28.0% based on the profit for the year	8,345,074	8,422,077
Tax under / (over) provided in previous years	198,191	(211,547)
Double tax relief	<u>(59,850)</u>	<u>78,191</u>
Tax on profit on ordinary activities	<u>8,483,415</u>	<u>8,288,671</u>

	2010 £	2009 £
Foreign Tax		
Current year	59,853	78,191
Tax under provided in previous years	<u>6,942</u>	<u>302</u>
	<u>66,795</u>	<u>78,493</u>
Total current tax (note 8 (b))	<u>8,550,210</u>	<u>8,367,164</u>

Deferred Tax	2010 £	2009 £
Effect of change in tax rate on opening liability	543,360	465,360
Origination and reversal of timing differences	<u>231,524</u>	<u>157,039</u>
Total deferred taxation (note 8 (c))	<u>774,884</u>	<u>622,399</u>
Tax on profit on ordinary activities	<u>9,325,094</u>	<u>8,989,563</u>

BSH Home Appliances Limited

Notes to the financial statements 31 December 2010

8 Tax on profit on ordinary activities (continued)

(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% (2009 28%). The differences are reconciled below

	2010	2009
	£	£
Profit on ordinary activities before taxation	28,497,417	31,468,357
Corporation tax thereon		
Profit on ordinary activities multiplied by the standard rate of corporation tax of 28.0% (2009 28%)	7,979,277	8,811,140
Disallowed expenses and non-taxable income	1,098,926	241,649
Depreciation in excess of capital allowances	(121,418)	(49,718)
Other timing differences	(611,708)	(450,520)
Net adjustments in respect of previous periods	205,133	(185,387)
Total current tax (note 8(a))	8,550,210	8,367,164

(c) Deferred tax

The deferred tax liabilities at the balance sheet date were as follows

	Recognised 2010 £	Recognised 2009 £
Brought forward	(121,936)	35,103
Current year charge in Profit and Loss account	(205,534)	(157,039)
Carried Forward	(327,470)	(121,936)
Accelerated capital allowances	(501,755)	(351,026)
Other timing differences	174,285	299,090
	(327,470)	(121,936)

9. Dividends

	2010 £	2009 £
Equity dividends on ordinary shares		
Interim dividend paid of £5.17 per share (2009 £6.49)	22,000,000	27,600,000

No final dividends have been proposed for the year ended 31 December 2010 (2009 £nil)

BSH Home Appliances Limited

Notes to the financial statements 31 December 2010

10. Tangible fixed assets

	Freehold Property £	Fixtures & Fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2010	11,338,102	1,563,415	4,532,439	17,433,956
Additions	-	76,006	870,206	946,212
Disposals	-	-	(671,694)	(671,694)
At 31 December 2010	11,338,102	1,639,421	4,730,951	17,708,474
Accumulated depreciation				
At 1 January 2010	3,643,801	1,177,779	2,671,870	7,493,450
Charge for the year	276,454	188,058	479,352	943,864
Disposals	-	-	(560,276)	(560,276)
At 31 December 2010	3,920,255	1,365,837	2,590,946	7,877,038
Net book value				
At 31 December 2010	7,417,847	273,584	2,140,005	9,831,436
At 31 December 2009	7,694,301	385,636	1,860,569	9,940,506

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 2010

11. Stocks

	2010 £	2009 £
Spare parts for resale	1,597,683	2,119,757
Appliances for resale	39,302,544	39,159,136
	<u>40,900,227</u>	<u>41,278,893</u>

The replacement cost of stocks held by the company at 31 December 2010 and 2009 is not materially different from the balance sheet values above

12. Debtors

	2010 £	2009 £
Trade debtors	19,372,150	29,106,601
Amounts owed by group undertakings	58,454,422	7,127,090
Other debtors	1,199,145	196,574
	<u>79,025,717</u>	<u>36,430,265</u>

13. Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	5,365,491	4,560,682
Amounts owed to group undertakings	57,287,583	30,509,064
Current corporation tax	2,678,492	7,085,835
Deferred taxation (note 8)	327,470	121,936
Other taxes and social security	2,488,932	3,995,688
Accruals and deferred income	9,493,681	10,082,420
	<u>77,641,648</u>	<u>56,355,625</u>

BSH Home Appliances Limited

Notes to the financial statements 31 December 2010

14. Provisions for liabilities and charges

	Warranties and guarantees £	WEEE provision £	Total £
Balance at 31 December 2009	1,937,884	507,573	2,445,457
Utilised in the year	(856,926)	(507,573)	(1,364,499)
New provision added in year	15,423,302	1,120,751	16,544,053
Balance at 31 December 2010	<u>16,504,260</u>	<u>1,120,751</u>	<u>17,625,011</u>

Provision is made for the estimated future costs of providing free service of goods sold under warranty or guarantee of up to 5 years. The estimate is based upon the expected claim rate and the historical average cost of claims. Provision additions include amounts relating to a specific issue for which reimbursement by the parent company has been agreed. Accordingly a corresponding £12.2m amount is disclosed in note 12 as amounts owed by group undertakings.

15. Share capital

	2010 £	2009 £
Authorised:		
4,250,000 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>

16. Reconciliation of shareholders' funds and movement on reserves

	Share Capital £	Profit and loss account £	Total share- holders' funds £
At 1 January 2009	4,250,000	39,863,161	39,174,115
Profit for the year	-	22,478,794	22,478,794
Dividends paid on equity shares (note 9)	-	(27,600,000)	(27,600,000)
Net actuarial loss	-	182,160	182,160
At 31 December 2009	<u>4,250,000</u>	<u>34,924,115</u>	<u>39,174,115</u>
Profit for the year	-	19,172,323	19,172,323
Dividends paid on equity shares (note 9)	-	(22,000,000)	(22,000,000)
Net actuarial gain	-	1,101,570	1,101,570
At 31 December 2010	<u>4,250,000</u>	<u>33,198,008</u>	<u>37,448,008</u>

BSH Home Appliances Limited

Notes to the financial statements

31 December 2010

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

The profit and loss account is made up as follows -

	2010 £	2009 £
Pension Reserve	(1,897,270)	(4,406,400)
Retained profit	35,095,278	39,330,515
Profit & Loss Reserve	<u>33,198,008</u>	<u>34,924,115</u>

17. Pension commitments

The company operates a scheme with separate final salary and money purchase sections in the UK. Further contribution of £2,659,000 in 2011 have been agreed with the actuary.

The pension cost charges to the profit and loss account for the year for the money purchase and stakeholder section of the scheme was £712,149 (2009 £681,694).

A full actuarial valuation was carried out at 31 January 2009 and updated to 31 December 2010 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	2010 %	2009 %	2008 %
Rate of increase in salaries	5.2	5.3	4.5
Rate of increase of pensions in payment (post 5 April 1997 pensions only)	3.5	4.0	3.5
Discount rate	5.3	5.7	5.6
Inflation assumption	<u>3.2</u>	<u>3.8</u>	<u>3.0</u>

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

	Long-term asset return expected 31 December 2010 %	Value 31 December 2010 £'000	Long-term asset return expected 31 December 2009 %	Value 31 December 2009 £'000	Long-term asset return expected 31 December 2008 %	Value 31 December 2008 £'000
Equities	7.1%	20,207	7.3%	15,562	6.7%	12,391
Cash	-	68	-	111	-	201
Bonds	5.1%	14,256	5.1%	13,004	5.0%	11,712
Total market value of assets		<u>34,531</u>		<u>28,677</u>		<u>24,304</u>
Actuarial value of liability		<u>(37,130)</u>		<u>(34,797)</u>		<u>(32,339)</u>
Deficit in the scheme		(2,599)		(6,120)		(8,035)
Related deferred tax asset		702		1,714		2,250
Net pension liability		<u>(1,897)</u>		<u>(4,406)</u>		<u>(5,785)</u>

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Notes to the financial statements 31 December 2010

17. Pension commitments (continued)

Analysis of the amount charged to operating profit

	Year to 31 December 2010 £	Year to 31 December 2009 £
Current service cost	467,000	476,000
Total operating charge	<u>467,000</u>	<u>476,000</u>

Analysis of the amount included as other finance costs

	Year to 31 December 2010 £	Year to 31 December 2009 £
Expected return on pension scheme assets	1,726,000	1,342,000
Interest on pension liabilities	(2,000,000)	(1,822,000)
Net finance charge	<u>(274,000)</u>	<u>(480,000)</u>

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

	Year to 31 December 2010 £	Year to 31 December 2009 £
Actual return less expected return on assets	(1,876,000)	(1,282,000)
Acturial loss on liabilities	367,000	1,535,000
Actuarial gain recognised in STRGL	<u>1,509,000</u>	<u>253,000</u>

BSH Home Appliances Limited

Notes to the financial statements 31 December 2010

17. Pension commitments (continued)

Movements in deficit during the year

	Year to 31 December 2010 £	Year to 31 December 2009 £
Deficit in scheme at beginning of year	(6,120,000)	(8,035,000)
Movement in year		
Current service cost	(467,000)	(476,000)
Contributions	2,753,000	2,618,000
Net return on assets/interest cost	(274,000)	(480,000)
Actuarial gain	1,509,000	253,000
Deficit in scheme	<u>(2,599,000)</u>	<u>(6,120,000)</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 2010 £	Year to 31 December 2009 £	Year to 31 December 2008 £	Year to 31 December 2007 £	Year to 31 December 2006 £
Difference between expected and actual return on scheme assets	1,876,000	1,788,000	(4,768,000)	(349,000)	808,000
Percentage of scheme assets	6%	6%	20%	1%	4%
Experience gains and losses on scheme liabilities	-	175,000	-	190,000	-
Percentage of scheme assets	0%	1%	0%	1%	0%
Total amount recognised in statement of total recognised gains and losses	1,509,000	253,000	(3,035,000)	1,850,000	(302,000)
Percentage of scheme assets	6%	1%	12%	6%	1%

During the year a change from RPI to CPI inflation assumption has been enacted following Government legislation and in accordance with the scheme rules.

Independent actuary Akash Rooprai, Fellow of the Institute of Actuaries

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18. Commitments under operating leases

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as set out below

	2010		2009	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Leases which expire				
Within one year	71,653	230,712	-	47,462
Within two to five years	2,091,375	411,369	71,653	269,525
After five years	108,000	-	2,091,375	-
	<u>2,278,028</u>	<u>642,081</u>	<u>2,163,028</u>	<u>316,987</u>

19. Derivatives not included at fair value

The company has derivatives at the year ending 31 December 2010 which are not included at fair value in the accounts

	Principal £	Fair value £
Forward foreign exchange contracts		
31 December 2010	14,499,458	132,624
31 December 2009	31,326,390	242,890

The company uses the forward contracts to hedge its exposures to changes in foreign currency exchange rates. The fair values, which are calculated using the net present value of cash flows related to the outstanding contracts, are based on market values of equivalent instruments at the balance sheet date.

20. 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 BSH Home Appliances Holding GmbH, Carl-Wery-Strasse 34, 81739 Munich Germany.