

Company Registration No. 1844007

BSH Home Appliances Limited

Report and Financial Statements

31 December 2009



**Deloitte LLP
St Albans**

BSH Home Appliances Limited

Report and financial statements 2009

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BSH Home Appliances Limited

Report and financial statements 2009

Officers and professional advisers

Directors

J Dufour

E-U Hanneck

C Blake

A Wood (resigned 01 06 2009)

A Goss (appointed 16 06 2009)

K Weschta

R P Meier (resigned 30 06 2009)

K Fouquet (appointed 01 07 2009)

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 2009

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 -9% in domestic appliance overall market volume for the period January to December 2009. 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 4.8% compared to 2008, 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 2009 that shows an increase in average revenues and profitability that exceeded expectations.

Future risks and uncertainties

The directors consider that 2010 will hold a great deal of uncertainty with the economy remaining weak, continued restrictive availability of consumer credit and further falls in the housing market. However the directors consider that the two greatest risks for 2010 will continue to 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 integrated 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

	2009	2008	+/- %
Sales volume (MDA only) (units)	1,391,178	1,663,235	-16.4%
Sales revenue (£)	459,249,906	482,529,188	-4.8%
Stock coverage (MDA only)	36 days	33 days	
Trade debtors coverage	29 days	31 days	

(MDA – Major Domestic Appliances)

Results and dividends

The profit for the year, after taxation, amounted to £22,478,794 (2008 £27,644,005). The directors proposed a dividend in the current year of £27,600,000 (2008 £36,600,000) of which £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

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 s418 of the Companies Act 2006
- 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

COLIN BLAKE

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 complies 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 2009 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 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 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 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 2009 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 auditors' 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

Paul Schofield (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

St Albans, United Kingdom

30 March 2010

BSH Home Appliances Limited

Profit and loss account

Year ended 31 December 2009

	Note	2009 £	2008 (restated) £
Turnover: continuing operations	2	459,249,906	482,529,188
Cost of sales		(362,395,196)	(371,383,150)
Gross profit		96,854,710	111,146,038
Selling & Distribution costs		(51,151,354)	(60,714,105)
Administrative expenses		(14,468,339)	(14,442,246)
Other operating income		6,567,563	2,921,560
Other operating expenses		(6,028,650)	(1,975,022)
Operating profit: continuing operations		31,773,930	36,936,225
Interest receivable	6	229,181	1,573,886
Interest payable and similar charges	7	(534,754)	(42,774)
Profit on ordinary activities before taxation	3	31,468,357	38,467,337
Tax on profit on ordinary activities	8	(8,989,563)	(10,823,332)
Profit retained for the financial year	16	22,478,794	27,644,005

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

2008 has been restated due to a change in the allocation of costs from headcount to internal cost centres. Further, currency gains and losses on financial transactions are now reported as other operating income and expenditure, whereas previously they have been reported as a cost of sale

BSH Home Appliances Limited

Statement of Total Recognised Gains and Losses Year ended 31 December 2009

	Note	2009 £	2008 £
Profit on ordinary activities after taxation for the financial year		22,478,794	27,644,005
Actuarial gain / (loss) relating to the pension scheme	17	253,000	(3,035,000)
UK deferred tax attributable to gain / (loss)		<u>(70,840)</u>	<u>849,800</u>
Total recognised gains & losses relating to the year		<u><u>22,660,954</u></u>	<u><u>25,458,805</u></u>

BSH Home Appliances Limited

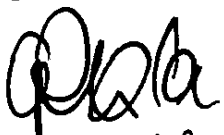
Balance sheet 31 December 2009

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	10	9,940,506	10,684,502
		<u>9,940,506</u>	<u>10,684,502</u>
Current assets			
Stocks	11	41,278,893	33,874,477
Debtors	12	36,430,265	44,640,415
Cash at bank and in hand		14,731,933	13,218,809
		<u>92,441,091</u>	<u>91,733,701</u>
Creditors: amounts falling due within one year	13	(56,355,625)	(50,211,049)
Net current assets		<u>36,085,466</u>	<u>41,552,652</u>
Total assets less current liabilities		46,025,972	52,207,154
Provisions for liabilities and charges	14	(2,445,457)	(2,308,767)
Pension liability	17	(4,406,400)	(5,785,200)
		<u>39,174,115</u>	<u>44,113,187</u>
Capital and reserves			
Called up share capital	15	4,250,000	4,250,000
Profit and loss account	16	34,924,115	39,863,187
Total shareholders' funds	16	<u>39,174,115</u>	<u>44,113,187</u>

Company registered number 1844007

These financial statements were approved by the Board of Directors on 30th March 2010

Signed on behalf of the Board of Directors


COLIN BLAKE
Director

BSH Home Appliances Limited

Notes to the financial statements

31 December 2009

1. Accounting policies,

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

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 (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.

BSH Home Appliances Limited

Notes to the financial statements

31 December 2009

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

All gains and losses arising from transactions in foreign currencies are reported in the position 'Other Operating Income / Expenditure' in 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 2009

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

	2009 £	2008 £
This is stated after charging/(crediting) the following		
Depreciation of owned fixed assets (note 10)	1,259,437	1,016,936
Profit on the disposal of fixed assets	(11,843)	(116,372)
Operating lease rentals – other	2,042,020	2,042,020
- plant & machinery	860,486	596,929
Fees payable to the Company's auditors for		
- the audit of the Company's annual accounts	74,362	72,699
- other services	27,513	18,200

BSH Home Appliances Limited

Notes to the financial statements 31 December 2009

4. Staff costs

	2009 Number	2008 Number
Average number of persons employed		
Services and spares	477	500
Sales and distribution	159	151
Administration	146	166
	<u>782</u>	<u>817</u>
	2009 £	2008 £
Their aggregate remuneration comprised		
Staff costs during the year (including directors)		
Wages and salaries	23,295,901	23,120,365
Social security costs	2,299,490	2,324,691
Pension costs	2,059,501	1,273,636
	<u>27,654,892</u>	<u>26,718,692</u>

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

5. Directors' remuneration

	2009 £	2008 £
Directors' remuneration		
Emoluments	<u>440,358</u>	<u>545,772</u>
	2009 No.	2008 No.
The number of directors who:		
Members of defined benefit pension schemes	<u>1</u>	<u>1</u>
	2009 £	2008 £
Remuneration of the highest paid director:		
Emoluments	<u>272,095</u>	<u>330,667</u>

BSH Home Appliances Limited

Notes to the financial statements 31 December 2009

6. Interest receivable

	2009 £	2008 £
Bank interest receivable	<u>229,181</u>	<u>1,573,886</u>

7. Interest payable

	2009 £	2008 £
Net pension finance charge	480,000	19,000
Loan interest payable	<u>54,754</u>	<u>23,774</u>
	<u>534,754</u>	<u>42,774</u>

8. Tax on profit on ordinary activities

	2009 £	2008 £
(a) Tax on profit on ordinary activities		
United Kingdom corporation tax at 28.0% (2008 – 28.5%) based on the profit for the year	8,422,027	9,675,240
Tax under / (over) provided in previous years	(211,547)	253,809
Double tax relief	<u>78,191</u>	<u>63,055</u>
	<u>8,288,671</u>	<u>9,992,104</u>
	2009 £	2008 £
Foreign Tax		
Current year	78,191	63,055
Tax under provided in previous years	<u>302</u>	<u>22,985</u>
	<u>78,493</u>	<u>86,040</u>
Total current tax (note 8 (b))	<u>8,367,164</u>	<u>10,078,144</u>
Deferred Tax		
Deferred tax pension liability	465,360	613,535
Origination and reversal of timing differences	<u>157,039</u>	<u>140,653</u>
Total deferred taxation (note 8 (c))	<u>622,399</u>	<u>754,188</u>
Tax on profit on ordinary activities	<u>8,989,563</u>	<u>10,823,332</u>

BSH Home Appliances Limited

Notes to the financial statements

31 December 2009

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 28.0% (2008 28.5%). The differences are reconciled below

	2009 £	2008 £
Profit on ordinary activities before taxation	31,468,357	38,467,337
Corporation tax thereon		
Profit on ordinary activities multiplied by the standard rate of corporation tax of 28.0% (2008 28.5%)	8,811,140	10,963,191
Disallowed expenses and non-taxable income	241,649	405,401
Depreciation in excess of capital allowances	(49,718)	(149,426)
Other timing differences	(450,520)	(910,198)
Net adjustments in respect of previous periods	(185,387)	(230,824)
Total current tax (note 8(a))	8,367,164	10,078,144

(c) Deferred tax

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

	Recognised 2009 £	Recognised 2008 £
Brought forward	35,103	175,756
Current year charge	(157,039)	(140,653)
Carried Forward	(121,936)	35,103
Comprised of		
Deferred/(accelerated) capital allowances	(351,026)	(241,692)
Other timing differences	299,090	276,795
	(121,936)	35,103

9. Dividends

	2009 £	2008 £
Equity dividends on ordinary shares		
Interim dividend paid	27,600,000	36,600,000

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

BSH Home Appliances Limited

Notes to the financial statements

31 December 2009

10 Tangible fixed assets

	Freehold Property £	Fixtures & Fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2009	11,338,102	2,426,500	4,761,575	18,526,177
Additions	-	130,750	494,520	625,270
Disposals	-	(993,835)	(723,656)	(1,717,491)
At 31 December 2009	11,338,102	1,563,415	4,532,439	17,433,956
Accumulated depreciation				
At 1 January 2009	3,368,404	1,989,199	2,484,072	7,841,675
Charge for the year	275,397	182,415	801,625	1,259,437
Disposals	-	(993,835)	(613,827)	(1,607,662)
At 31 December 2009	3,643,801	1,177,779	2,671,870	7,493,450
Net book value				
At 31 December 2009	7,694,301	385,636	1,860,569	9,940,506
At 1 January 2009	7,969,698	437,301	2,277,503	10,684,502

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 2009

11. Stocks

	2009 £	2008 £
Spare parts for resale	2,119,757	1,881,214
Appliances for resale	39,159,136	31,993,263
	<u>41,278,893</u>	<u>33,874,477</u>

The replacement cost of stocks held by the company at 31 December 2009 and 2008 is not materially different from the balance sheet values above

12. Debtors

	2009 £	2008 £
Trade debtors	29,106,601	29,323,996
Amounts owed by group undertakings	7,127,090	15,115,977
Other debtors	196,574	165,339
Deferred taxation (note 8)	-	35,103
	<u>36,430,265</u>	<u>44,640,415</u>

13. Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors	4,560,682	5,641,653
Amounts owed to group undertakings	30,509,064	26,342,100
Current corporation tax	7,085,835	7,084,472
Deferred taxation (note 8)	121,936	-
Other taxes	3,995,688	2,600,622
Accruals and deferred income	10,082,420	8,542,202
	<u>56,355,625</u>	<u>50,211,049</u>

BSH Home Appliances Limited

Notes to the financial statements 31 December 2009

14. Provisions for liabilities and charges

	Warranties and guarantees £	WEEE provision £	Total £
Balance at 31 December 2008	1,875,460	433,307	2,308,767
Utilised in the year	(537,780)	(433,307)	(971,087)
New provision added in year	602,204	507,573	1,109,777
Balance at 31 December 2009	<u>1,937,884</u>	<u>507,573</u>	<u>2,445,457</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.

15. Share capital

	2009 £	2008 £
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>

16. Reconciliation of shareholders' funds and movement on reserves

	Share Capital £	Profit and loss account £	Total share- holders' funds £
At 1 January 2008	4,250,000	51,004,356	55,254,356
Profit for the year	-	27,644,005	27,644,005
Dividends paid on equity shares	-	(36,600,000)	(36,600,000)
Net actuarial loss	-	(2,185,200)	(2,185,200)
At 31 December 2008	<u>4,250,000</u>	<u>39,863,161</u>	<u>44,113,161</u>
Profit for the year	-	22,478,794	22,478,794
Dividends paid on equity shares	-	(27,600,000)	(27,600,000)
Net actuarial gain	-	182,160	182,160
At 31 December 2009	<u>4,250,000</u>	<u>34,924,115</u>	<u>39,174,115</u>

BSH Home Appliances Limited

Notes to the financial statements

31 December 2009

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

The profit and loss account is made up as follows -

	2009 £	2008 £
Pension Reserve	(4,406,400)	(5,785,200)
Retained profit	39,330,515	45,648,387
Profit & Loss Reserve	<u>34,924,115</u>	<u>39,863,187</u>

17. 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 £681,694 (2008 £696,806)

A full actuarial valuation was carried out at 31 January 2008 and updated to 31 December 2009 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms)

	2009 %	2008 %	2007 %
Rate of increase in salaries	5.3	4.5	4.9
Rate of increase of pensions in payment (post 5 April 1997 pensions only)	4.0	3.5	3.4
Discount rate	5.7	5.6	5.5
Inflation assumption	<u>3.8</u>	<u>3.0</u>	<u>3.4</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 2009 %	Value 31 December 2009 £'000	Long-term asset return expected 31 December 2008 %	Value 31 December 2008 £'000	Long-term asset return expected 31 December 2007 %	Value at 31 December 2007 £'000
Equities	7.3%	15,562	6.7%	12,391	7.7	16,680
Cash		111	-	201	-	-
Bonds	5.1%	13,004	5.0%	11,712	5.1	8,205
Total market value of assets		<u>28,677</u>		<u>24,304</u>		<u>24,885</u>
Actuarial value of liability		<u>(34,797)</u>		<u>(32,339)</u>		<u>(32,022)</u>
Deficit in the scheme		(6,120)		(8,035)		(7,137)
Related deferred tax asset		1,714		2,250		1,998
Net pension liability		<u>(4,406)</u>		<u>(5,785)</u>		<u>(5,139)</u>

BSH Home Appliances Limited

Notes to the financial statements 31 December 2009

17. Pension commitments (continued)

Analysis of the amount charged to operating profit

	Year to 31 December 2009 £	Year to 31 December 2008 £
Current service cost	476,000	565,000
Total operating charge	<u>476,000</u>	<u>565,000</u>

Analysis of the amount included as other finance costs

	Year to 31 December 2009 £	Year to 31 December 2008 £
Expected return on pension scheme assets	1,342,000	1,770,000
Interest on pension liabilities	(1,822,000)	(1,789,000)
Net finance charge	<u>(480,000)</u>	<u>(19,000)</u>

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

	Year to 31 December 2009 £	Year to 31 December 2008 £
Actual return less expected return on assets	(1,282,000)	(4,768,000)
Changes in assumptions	<u>1,535,000</u>	<u>1,733,000</u>
Actuarial (loss)/ gain recognised in STRGL	<u>253,000</u>	<u>(3,035,000)</u>

BSH Home Appliances Limited

Notes to the financial statements

31 December 2009

17. Pension commitments (continued)

Movements in deficit during the year

	Year to 31 December 2009 £	Year to 31 December 2008 £
Deficit in scheme at beginning of year	(8,035,000)	(7,137,000)
Movement in year		
Current service cost	(476,000)	(565,000)
Contributions	2,618,000	2,721,000
Net return on assets/interest cost	(480,000)	(19,000)
Actuarial loss	253,000	(3,035,000)
Deficit in scheme	<u>(6,120,000)</u>	<u>(8,035,000)</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 2009 £	Year to 31 December 2008 £	Year to 31 December 2007 £	Year to 31 December 2006 £	Year to 31 December 2005 £
Difference between expected and actual return on scheme assets	1,788,000	(4,768,000)	(349,000)	808,000	2,028,000
Percentage of scheme assets	6%	20%	1%	4%	11%
Experience gains and losses on scheme liabilities	175,000	-	190,000	-	(89,000)
Percentage of scheme assets	1%	0%	1%	0%	0%
Total amount recognised in statement of total recognised gains and losses	253,000	(3,035,000)	1,850,000	(302,000)	(846,000)
Percentage of scheme assets	1%	12%	6%	1%	3%

Independent actuary Akash Rooprai, Fellow of the Institute of Actuaries

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Notes to the financial statements

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18. Commitments under operating leases

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as set out below

	2009		2008	
	Land and Buildings £	Other £	Land and buildings £	Other £
Leases which expire				
Within one year	-	398,710	-	47,462
Within two to five years	71,653	300,640	71,653	269,525
After five years	2,091,375	-	2,091,375	-
	<u>2,163,028</u>	<u>699,350</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 2009 which are not included at fair value in the accounts

	Principal £	Fair value £
Forward foreign exchange contracts	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 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 Carl-Wery-Strasse 34, 81739 Munich Germany