

Bosch Rexroth Limited

Annual report and financial statements for the year ended 31 December 2023

Company Number: 00768471

Incorporated: 22 July 1963

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Company information for the year ended 31 December 2023

Directors	N. Dick K.F. Nilner V. Rajakoba S. Schied M. Simpson
Company secretary	Mr. J. Burton
Company number	00768471
Registered office	15 Cromwell Road St. Neots Cambridgeshire PE19 2ES
Independent auditors	Ernst & Young LLP 400 Capability Green Luton LU1 3LU

Contents

	Page
Strategic report	3
Directors' report	7
Statement of directors' responsibilities	13
Independent auditors' report to the members of Bosch Rexroth Limited	14
Income statement	18
Statement of comprehensive income	19
Statement of financial position	20
Statement of changes in equity	21
Notes to the financial statements	22

Strategic report for the year ended 31 December 2023

(All amounts in £ thousands unless otherwise stated)

The directors present their strategic report for the year ended 31 December 2023.

Principal activities

The company's principal activities during the year were sales, marketing, distribution and servicing of drive and control solutions to the following markets: mobile machinery, machinery application and engineering and factory automation.

Results and dividends

The profit for the year, after taxation, amounted to £14,052 (2022: profit £12,393, after taxation).

Dividends paid during the year comprise a final dividend of £16,368, equivalent to 111.34p per share in respect of the previous year ended 31 December 2022 (2022: £12,000, equivalent to 81.63p per share).

The directors have proposed a final ordinary dividend in respect of the current financial year of £14,052, equivalent to 95.59p per share. This has not been included within creditors as it was not approved before year end.

Review of the business

In 2023, revenue increased from £257,845 to £299,349 and profit before income taxation increased from £15,820 in 2022 to £18,498.

Operating profit has increased from £15,584 in 2022 to £17,855. The increased sales were due to gains in market share and the increase in prices to offset, in part, significant cost increases.

The company continues to successfully manage and monitor its controllable overheads resulting in efficiency gains.

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

- maintained receivables collection days at a respectable level, despite increased sales revenue and current economic climate;
- the timing of creditor payments moved across the year end; and
- the acquisition of intangible assets.

Strategic report for the year ended 31 December 2023 (continued)

(All amounts in £ thousands unless otherwise stated)

Key performance indicators

The company has consolidated its performance during 2023 and continues to develop future growth by successfully delivering engineered solutions & distributing products and services to its customers. Progress is monitored by the board and the divisional directors by reference to the following KPIs:

	2023	2022	
Growth in sales (%)	16.1	13.4	Year on year sales growth expressed as a percentage.
Operating margin (%)	6.0	6.0	Operating margin is the ratio of operating profit (before exceptional items) to sales, expressed as a percentage.
Return on invested capital (%)	34.8	28.2	Operating profit expressed as a percentage of net assets (excluding pension asset/deficit).
Value added per employee (£'000)	138.0	107.6	Value added is turnover less cost of material, divided by the average number of employees during the year.

Principal risks and uncertainties

a) Financial risk management

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

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

b) Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, action has been taken to mitigate the extent of commodity price risk on electricity and gas – as per comments on energy costs below. The directors will continue to revisit the appropriateness of this policy should the company's operations change in size or nature.

c) Credit risk

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

Strategic report for the year ended 31 December 2023 (continued)

(All amounts in £ thousands unless otherwise stated)

d) Liquidity risk

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

e) Interest rate cash flow risk

The company has interest bearing assets in the form of cash-pool balances held by Robert Bosch UK Holdings Limited. The interest-bearing assets are in the form of cash balances, the interest rate received on these balances is at the market rate. The company has a policy of maintaining debt at a fixed rate to ensure the certainty of future cash flows. These policies thereby limit the interest rate and cash flow risk.

f) Ukraine Conflict

The conflict in Ukraine has had limited direct impact on the business as the company's primary target market is the United Kingdom. Trade debt balances and cash movements with both Russia and Ukraine are not material to the company's performance. Indirect effects are primarily cost increases from both energy costs and underlying inflationary pressures. The former is mitigated as the company enters the warmer summer period but if the conflict is extended this will again become a greater issue. Whilst costs will increase, these increases will not have a material impact from a going concern perspective.

g) Energy Costs

The recent increase in energy costs has created a supply-side risk to the profitability of the UK businesses. In order to mitigate this price increase, Bosch in the UK has entered into fixed-price, minimum supply energy contracts with its supplier. These contracts are not within the scope of IFRS9 Financial Instruments.

Reporting on compliance with section 172 requirements

In performance of their statutory duties and in accordance with s172 (1) Companies Act 2006, the board of directors of Bosch Rexroth Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1) (a-f) of the act.) in the decisions taken during the year ended 31 December 2023.

Business

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

Stakeholder engagement

With employees

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the in-house newspaper and newsletters, briefing groups and the distribution of the annual report.

Strategic report for the year ended 31 December 2023 (continued)

(All amounts in £ thousands unless otherwise stated)

The company is an equal opportunities employer. Applications for employment are always fully considered irrespective of gender, ethnic origin, race, religion, sexual orientation or disability.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective attitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

With suppliers, customers, and others

As part of the global Bosch group, the company operates a "Code of Business Conduct" to which all associates are expected to adhere and receive regular training. It sets out how the company's associates are expected to act in their day to day business activities. In conjunction with the Bosch values, it provides a rock-solid foundation on which trust can grow – trust that is essential if the company is to grow and be successful for the benefit of all its stakeholders.

This includes, but is not limited to:


- Lawful, regulation-compliant, responsible, and fair conduct;
- Avoiding conflicts of interest;
- Keeping confidential information secret and handling sensitive data responsibly;
- Observing rules of fair competition, create unambiguous and documented agreements with suppliers and customers, and have a zero-tolerance to corruption in any form;
- Producing quality, safe products and services to the highest quality and reliability;
- Respect for the intellectual property of third parties.

Governance

The company's executive management is responsible for compliance to the Code of Business Conduct. The corporate internal auditing department (C/AU), including its local units, has an unlimited right to request information and conduct audits, provided these do not run contrary to statutory or company regulations.

By order of the board

pki, BOSCH,
EMEA, S, T,
Stefanie.Schied



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S. Schied
Director

29th July 2024

Directors' report for the year ended 31 December 2023

(All amounts in £ thousands unless otherwise stated)

The directors present their report and the audited financial statements of the company for the year ended 31 December 2023.

Political donations and political expenditure

There were no political donations during the year (2022: £Nil).

Directors

The directors who held office during the year were as follows:

P.A. Bowden (resigned 1 April 2024)

N. Dick

K.F. Nilner

V. Rajakoba

S. Schied (appointed 1 April 2024)

M. Simpson (appointed 1 April 2024)

Qualifying third-party and pension scheme indemnity provisions

The Robert Bosch group maintains liability insurance for its directors and officers. The group has also provided an indemnity for its directors and secretary, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006. This indemnity was in place during the financial year and continues to be in place at the date of the approval of these financial statements.

Research and development

During the year the company continued to progress its R&D activities. The efforts and expenditure here are primarily in the area of Radial Piston Motors which the company manufactures in its plant in Glenrothes. Expenditure on R&D in 2023 totalled £1,907 (2022: £1,650).

Events after the end of the reporting period

Subsequent to the date of the statement of financial position, there were no events that are not disclosed in these financial statements.

Directors' report for the year ended 31 December 2023 (continued)

(All amounts in £ thousands unless otherwise stated)

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position and its exposure to risks are described in the strategic report.

The company has an excess of current assets over current liabilities of £34,178 at 31 December 2023 (2022: excess of current assets over current liabilities of £42,336). The company meets its day to day working capital requirements through its cash reserves and borrowings.

The current economic conditions continue to create uncertainty, particularly over the level of demand for the company's products.

The proven flexibility of the company's support systems and the implementation of home-working have allowed a hybrid-working solution to be developed with staff splitting their time between working from home and important interaction in the offices.

The conflict in Ukraine has had limited direct impact on the business as the company's primary target market is the United Kingdom. Trade debt balances and cash movements with both Russia and Ukraine are not material to the company's performance. Indirect effects are primarily cost increases from both energy costs and underlying inflationary pressures.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves and borrowings.

The company is dependent on the continued support of the ultimate parent company, Robert Bosch GmbH. The company has received a letter of support from the ultimate parent company Robert Bosch GmbH, capped at a maximum of £50m. The ultimate parent company has confirmed that it will continue to support in order to meet its liabilities as they fall due up to the maximum capped amount. The support is valid for a period of 12 months and one day from the date of approval of these financial statements.

The Directors have assessed the ability of Robert Bosch GmbH to support the company and are satisfied with the level of support provided and that they are in a position to provide such support as and when required.

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of 12 months and one day from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Streamlined Energy and Carbon Reporting framework

Energy Efficiency Measures

In 2023 Bosch Rexroth Limited has undertaken the following energy efficiency measures:

The main targets for 2023 was to ensure compliance and alignment to the group's global targets set by the executive board of management which committed for Bosch group to continue to be carbon neutral in electricity, gas and mobile emissions. This was achieved by the procurement of 100% Green renewable electricity for the UK premises and offsetting of gas and direct transport emissions by central procured carbon credits from our new supplier Climate Partner (Climate Partner are a global organisation that specialises in global carbon).

Bosch Rexroth Limited complied with this target.

Directors' report for the year ended 31 December 2023 (continued)

(All amounts in £ thousands unless otherwise stated)

Streamlined Energy and Carbon Reporting framework (continued)

In 2020, the UK board of management established a UK sustainability policy to focus on 5 key pillars,

Key pillars considered in the UK sustainability policy are;

- **Energy** – Procurement, Monitoring, efficiency technology projects and overall reduction targets.

In 2023, the main manufacturing sites continued to enhance energy savings opportunities with investment activities completing installations of new technologies. The sites facilities management teams have been able to identify areas of energy inefficiency, alter the operating settings and reduce consumption throughout the buildings especially in office areas where occupancy levels are low due to change in working patterns.

The success is evident in 2023 figures which shows a decrease in the overall gas and electricity consumption (27% gas and 1% electricity) compared to 2018 baseline, and -9% gas compared to 2022 consumption.

Electricity continued to be purchased from 100% green renewable sources and confirmed by Guarantees of Origin.

- **Waste** - Segregation, waste reduction, eradication of non-recyclable materials from waste stream, product whole-life cycle analysis.

The UK board of management targets for waste and recycling across the group are;

- > Ensure a transparent strategy for waste management.
- > Provide a uniform approach to waste segregation/collection across all sites.
- > Maximise revenue generated by valuable waste materials.
- > Ability to recycle as much of the generated waste as possible, with a view to eradicating all non-recyclable waste materials (where possible).
- > Benefit from reduction in waste disposal costs.
- > Be compliant ensuring all Bosch global targets are met.

A full report with recommendations has been compiled by an external consultant which will be reviewed, and targets will be established by the UK board of management. This is due for implementation by third quarter of 2024 when the Bosch UK Waste policy will be finalised and rolled out.

- **Fleet vehicles** - Green policy, Electric vehicle charging.

In 2021 the Company car policy was reviewed and altered to ensure that all associates that are eligible for a company car can order either a full Electric vehicle or hybrid vehicle.

Electric vehicle charging has been standardised across the Bosch UK Group and has been installed on all owned sites. A roll out for further Electric vehicle infrastructure is being planned for leased sites across the UK and the implementation started in the fourth quarter of 2022.

- **Sustainability Awareness** – Awareness and education for associates.

The UK board of management views associate's awareness and participation in the sustainability topics as a key driver to ensure targets are met, associates have been given the opportunity to volunteer to be part of a Bosch UK working group which is sponsored by 3 representatives from the board of management. The working group has been tasked to investigate 4 topics across the group:

Directors' report for the year ended 31 December 2023 (continued)

(All amounts in £ thousands unless otherwise stated)

Streamlined Energy and Carbon Reporting framework (continued)

- Circular economy (Product life cycle)
- Infrastructure
- Lifestyle and communications
- Onsite working practices

The group meets fortnightly to gather information, discuss progress and align processes and best practices across their respective business units.

The group's findings, suggestions and recommendations are presented by the sponsors to the board of management for consideration and approval for implementation.

- **Supply chain compliance** – Evaluation and selection of supply chain for Bosch target compliance.

In 2021 supplier contracts were revised to include KPI's, SLA's and transparency in reporting on scope 3 emissions resulting from Bosch Group UK operations, this continued in 2022 and 2023 when current contracts were being renewed, this will be on going until all supplier contracts are aligned.

Bosch UK Group maintained the continuation of the Energy reduction strategy and investment plan in the following projects across the Bosch UK property portfolio;

- Photo-Electric Voltaics (PEV) have been installed at our largest UK manufacturing location.
- We have continued to upgrade our lighting with LED lighting, global target for all properties to have LED lighting by 2023. This is now complete for our UK locations.
- A programme for investigation and repair of Air compressor systems leaks has been implemented on our main production plants.
- Investment and implementation of Bosch building technology, monitoring and asset management systems (Bosch energy platform and Bosch Phantom), this continued in 2023.
- Electric vehicle charging infrastructure roll out commenced on leased sites in 2022, this continued in 2023.
- Planned investment in ageing Mechanical and Electrical plant e.g. Inverter drives, motors, A/C split systems, Business Management Systems controls.

A number of sustainable feasibility studies are currently being investigated these include:

- Building management system controls and smart meters
- Blinds/solar controlled glass are installed to prevent glare and minimise solar gain;
- Water saving measures and leak detection;
- Heat recovery systems;
- Self-generation through renewable technologies with battery storage;
- Solid Oxide Fuel Cell (SOFC) and Hydrogen Electrolysis (PEZ) concepts are being investigated;
- Decarbonisation of our manufacturing processes.

Annual Report Statement

Sustainable Energy First (sefirst) has supported the Company with its carbon footprint calculation which has been calculated using a methodology aligned with the principles of the Greenhouse Gas Protocol (GHG) Standard for Corporate Accounting and Reporting produced by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) - a globally recognised standard. The GHG Protocol Standard is one of the recommended methodologies under SECR guidelines. The footprint utilises UK Government conversion factors for the year of reporting.

Directors' report for the year ended 31 December 2023 (continued)

(All amounts in £ thousands unless otherwise stated)

Streamlined Energy and Carbon Reporting framework (continued)

The data captured within this year's carbon footprint has predominantly been derived from a summary spreadsheet collated by Bosch Thermotechnology Limited. This included an overview of consumption figures for electricity, gas, water, waste, generators, and refrigerant gas, which was demonstrated through annual totals depending on the site to which it had been attributed to. Carbon emissions emitted from vehicles have been calculated based on the miles per annum (MPA) driven by each vehicle, in addition to fuel type.

Bosch Rexroth Limited				
Energy Consumption		2023	2022	Variance
Scope 1: Combustion of fuel and operation of facilities.	LPG (kWh)	-	-	-
	Natural Gas (kWh)	7,638,493	8,397,374	-9%
	Transport (kWh)	1,063,119	619,892	72%
	Refrigerant (kg)	-	-	-
	Total Scope 1 Energy (kWh)	8,701,612	9,017,266	-4%
Scope 2: Electricity purchased	Electricity (kWh)	9,988,312	10,082,091	-1%
Scope 3: Indirect emissions	Indirect Transport (kWh)	30,874	19,284	60%
Total Scope 1 and 2 Energy Consumption (kWh)		18,720,798	19,118,641	-2%
Emissions Assessment		2023	2022	Variance
Scope 1: Combustion of fuel and operation of facilities.	LPG (tCO ₂ e)	-	-	-
	Natural Gas (tCO ₂ e)	1,398	1,533	-9%
	Transport (tCO ₂ e)	249	150	66%
	Refrigerant (tCO ₂ e)	-	-	-
	Total Scope 1 (tCO₂e)	1,647	1,683	-2%
Scope 2: Electricity purchased and heat and steam generated	Location based (LB) (tCO ₂ e)	2,068	1,950	6%
	Market based (LB) (tCO ₂ e)	2	-	-
Scope 3: Indirect emissions	Indirect Transport (tCO ₂ e)	7	5	40%
Total Scope 1, 2 and 3 (Location based) Emissions (tCO₂e)		3,722	3,638	2%
Total Scope 1, 2 and 3 (Market based) Emissions (tCO₂e)		1,656	1,683	-2%
Intensity Metric Assessment		2023	2022	Variance
Intensity Ratio 1	tCO ₂ e/£m Revenue	12.44	14.11	-12%

Directors' report for the year ended 31 December 2023 (continued)

(All amounts in £ thousands unless otherwise stated)

Streamlined Energy and Carbon Reporting framework (continued)

EXCLUSIONS - No Mandatory emissions have been excluded from this report.

EMISSIONS FACTORS APPLIED - DEFRA 2023

METHODOLOGY - This report is aligned with GHG protocol and Environmental Reporting Guidelines including streamlined energy and carbon reporting guidance.

ESTIMATIONS - Where energy data was not available for the reporting period, this was estimated using pro-rata extrapolation of the figures where part year data was available.

- 1) Pro-rata extrapolation of the figures where part year data was available.
- 2) Substitution of figures from previous/following years where no data was available.
- 3) Estimation using average consumption values.

SCOPE OF EMISSIONS INCLUDED IN THE REPORT - Electricity, Natural Gas, Direct Transport and Indirect Transport.

VARIANCES – Transport variances during the year arose due to the significant increase in mileage in relation to the "grey fleet" (associate-owned vehicles). This has led to an increase in the Intensity Ratio.

Disclosure of information to auditors

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

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

Disclosure requirements

In accordance with the Companies Act 2006 s414C(ii), the company's Strategic Report contains certain disclosures required in the Directors' Report.

Reappointment of auditor

In accordance with s485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

pki, BOSCH,
EMEA, S, T,
Stefanie.Schied
S. Schied
Director

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29th July 2024

Statement of directors' responsibilities

(All amounts in £ thousands unless otherwise stated)

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable United Kingdom law and regulations.

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

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- in respect of the company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

By order of the board

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EMEA, S, T,
Stefanie.Schied
Stefanie.Schied

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S. Schied
Director

29th July 2024

Independent auditors' report to the members of Bosch Rexroth Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bosch Rexroth Limited for the year ended 31 December 2023 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 26, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2023 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months and one day from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditors' report to the members of Bosch Rexroth Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Bosch Rexroth Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those relating to the United Kingdom General Accepted Accounting Practice, the Companies Act 2006, and United Kingdom direct and indirect tax regulations. In addition, the company must comply with operational and employment laws and regulations including health and safety regulations, environmental regulations and GDPR.
- We understood how Bosch Rexroth Limited is complying with those frameworks by making enquiries of senior finance personnel and those charged with governance and gaining an understanding of the entity level controls of the company in respect of these areas and the controls in place to reduce opportunity for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management, and those charged with governance to understand where it considered there was susceptibility to fraud. We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and gained an understanding as to how those procedures and controls are implemented and monitored. We determined there to be a risk of management override in relation to the posting of non-standard manual journals in respect of revenue. To address the risk of management override, we have used data analytics and obtained the entire population of journals for the year and identified specific transactions for further investigation based on certain criteria. We understood the transactions identified for testing and agreed them to source documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved obtaining and reading board and management meeting minutes and relevant approval documents, enquiries of senior finance personnel and those charged with governance and agreement of samples of transactions throughout the audit to supporting source documentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Bosch Rexroth Limited
Annual report and financial statements
31 December 2023

Independent auditors' report to the members of Bosch Rexroth Limited (continued)

Use of our report

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.

Ernst & Young LLP

Mandip Dosanjh (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton
....29 July 2024

Income statement for the year ended 31 December 2023

(All amounts in £ thousands unless otherwise stated)

	Notes	Year ended 31 December	
		2023	2022
Continuing operations			
Revenue	4	299,349	257,845
Cost of sales		(249,049)	(216,887)
Gross profit		50,300	40,958
Distribution costs		(24,430)	(21,105)
Administrative expenses		(7,131)	(6,192)
Net impairment losses on financial and contract assets	5	1	(104)
Other operating (expense)/income	7	(885)	2,027
Operating profit	6	17,855	15,584
Finance income	9	810	292
Finance expense	9	(167)	(56)
Finance income - net	9	643	236
Profit before income tax		18,498	15,820
Income tax expense	10	(4,446)	(3,427)
Profit for the financial year		14,052	12,393

The notes on pages 22 to 57 are an integral part of these financial statements.

All activity is derived from continuing operations.

Statement of comprehensive income for the year ended 31 December 2023

(All amounts in £ thousands unless otherwise stated)

	<i>Notes</i>	Year ended 31 December	
		2023	2022
Profit for the financial year		14,052	12,393
Other comprehensive (expense)/income: items that will not be reclassified to profit and loss:			
Actuarial (loss)/gain on pension scheme	20	(3,150)	(532)
Movement on deferred tax relating to pension surplus/deficit	16	787	133
Other comprehensive (expense)/ income for the year, net of tax		(2,363)	(399)
Total comprehensive income for the year		11,689	11,994

The notes on pages 22 to 57 are an integral part of these financial statements.

Statement of financial position

(All amounts in £ thousands unless otherwise stated)

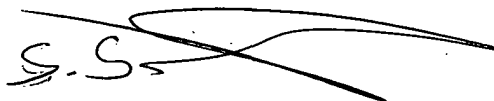
	Notes	As at 31 December	
		2023	2022
Fixed assets			
Intangible assets	11	3,997	-
Property, plant and equipment	12	19,208	19,750
Right-of-use assets	13	2,807	2,260
Retirement benefit asset	20	14,612	15,362
		40,624	37,372
Current assets			
Inventories	14	27,606	29,726
Trade and other receivables (including £nil (2022: £nil) due after more than one year)	15	61,744	66,509
Cash and cash equivalents		-	4
		89,350	96,239
Creditors: amounts falling due within one year	17	(55,172)	(53,903)
Net current assets		34,178	42,336
Total assets less current liabilities		74,802	79,708
Creditors: amounts falling due after more than one year	18	(1,872)	(1,756)
Provisions for liabilities	19	(7,055)	(7,398)
Net assets		65,875	70,554
Equity			
Share capital	21	14,700	14,700
Share premium		23,300	23,300
Retained earnings		27,875	32,554
Total shareholders' funds		65,875	70,554

The notes on pages 22 to 57 are an integral part of these financial statements.

These financial statements were authorised for issue by the board of directors on 29th July 2024 and were signed on its behalf.

pki, BOSCH,
 EMEA, S, T,
 Stefanie.Schied

Digitally signed by pki,
 BOSCH, EMEA, S, T,
 Stefanie.Schied
 Date: 2024.07.29 13:07:51
 +01'00'



Ms. S. Schied
 Director

Bosch Rexroth Limited
 Registered no. 00768471

Statement of changes in equity for the year ended 31 December 2023

(All amounts in £ thousands unless otherwise stated)

Notes	Called-up share capital	Share premium	Retained earnings	Total
Balance as at 1 January 2022	14,700	23,300	32,560	70,560
Profit for the financial year	-	-	12,393	12,393
Other comprehensive income for the year:				
Actuarial loss on pension scheme	-	-	(532)	(532)
Movement on deferred tax relating to pension asset	-	-	133	133
Total comprehensive income for the year	-	-	11,994	11,994
Dividend	-	-	(12,000)	(12,000)
Total transactions with owners, recognised directly in equity.	-	-	(12,000)	(12,000)
Balance as at 31 December 2022	14,700	23,300	32,554	70,554
Balance as at 1 January 2023	14,700	23,300	32,554	70,554
Profit for the financial year	-	-	14,052	14,052
Other comprehensive income for the year:				
Actuarial loss on pension scheme	-	-	(3,150)	(3,150)
Movement on deferred tax relating to pension asset	-	-	787	787
Total comprehensive income for the year	-	-	11,689	11,689
Dividend	-	-	(16,368)	(16,368)
Total transactions with owners, recognised directly in equity.	-	-	(16,368)	(16,368)
Balance as at 31 December 2023	14,700	23,300	27,875	65,875

The notes on pages 22 to 57 are an integral part of these financial statements.

Notes to the financial statements

(All amounts in £ thousands unless otherwise stated)

1 General information

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

The financial statements of Bosch Rexroth Limited for the year ended 31 December 2023 were authorised for issue by the board of directors on 29th July 2024 and the balance sheet was signed on the board's behalf by Ms. S. Schied.

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom.

2 Material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

The financial statements of Bosch Rexroth Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures'.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, 'Revenue from contracts with customers'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
 - i. paragraph 79(a)(iv) of IAS 1;
 - ii. paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - iii. paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - i. 10(d) (statement of cash flows);
 - ii. 16 (statement of compliance with all IFRS);
 - iii. 38A (requirement for minimum of two primary statements, including cash flow statements);
 - iv. 38B–D (additional comparative information);
 - v. 111 (cash flow statement information); and
 - vi. 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash-flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation). The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

- Paragraph 88C and 88D of IAS 12, International tax reform-PillarTwo model rules (Disclosure of qualitative and quantitative information about its exposure to Pillar Two income taxes).

2.1.1 Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position and its exposure to risks are described in the strategic report.

The company has an excess of current assets over current liabilities of £34,178 at 31 December 2023 (2022: excess of current assets over current liabilities of £42,336). The company meets its day to day working capital requirements through its cash reserves and borrowings.

The current economic conditions continue to create uncertainty, particularly over the level of demand for the company's products.

The proven flexibility of the company's support systems and the implementation of home-working have allowed a hybrid-working solution to be developed with staff splitting their time between working from home and important interaction in the offices.

The recent conflict in Ukraine has had limited direct impact on the business as the company's primary target market is the United Kingdom. Trade debt balances and cash movements with both Russia and Ukraine are not material to the company's performance. Indirect effects are primarily cost increases from both energy costs and underlying inflationary pressures.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves and borrowings.

The company is dependent on the continued support of the ultimate parent company, Robert Bosch GmbH. The company has received a letter of support from the ultimate parent company Robert Bosch GmbH, capped at a maximum of £50m. The ultimate parent company has confirmed that it will continue to support in order to meet its liabilities as they fall due up to the maximum capped amount. The support is valid for a period of 12 months and one day from the date of approval of these financial statements.

The Directors have assessed the ability of Robert Bosch GmbH to support the company and are satisfied with the level of support provided and that they are in a position to provide such support as and when required.

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of 12 months and one day from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2.1.2 New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2023 have had a material impact on the company.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.2 Foreign currency translation

a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income' (note 7).

2.3 Property, plant and equipment

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

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if it is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and they are recognised within 'Other income' in the income statement.

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

2.4 Inventories

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

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.5 Intangible Assets

Intangible assets are recognised from the date they are available for use. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at the date of each statement of financial position. The estimated useful lives are as follows:

- Software 4 years
- Intellectual property 4 years

2.6 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.7 Impairment of non-financial assets

Non-financial assets that are not ready to use and are not subject to amortisation are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.8.1 Financial asset – recognition and measurement

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.8.2 Financial asset - recognition and movement

(a) Financial assets at fair value through profit or loss or at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

Equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Company considers this classification to be more relevant.

Debt securities where the contractual cash flows are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

However, there are no instruments which have been classified under this category.

(b) Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest. This category is the most relevant to the company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

(c) Financial assets at fair value through profit or loss

The following financial assets are classified at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost (see note (a) and (b) above)
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

The company has no financial assets measured at fair value through profit or loss.

2.8.3 Impairment of financial assets

In accordance with IFRS 9, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

For trade and other receivables, the company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses and trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.8.4 Financial liabilities - recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities comprise of trade creditors, amounts owed to group undertakings and bank overdrafts.

2.8.5 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

The company does not have any financial liabilities which are subsequently re-measured at fair value through profit or loss.

(b) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

2.8.6 De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.8.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.9 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting, nor taxable, profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) published the Pillar Two model rules. These are aimed at ensuring that large corporate groups are subject to a minimum taxation at a 15 percent rate in each jurisdiction where they operate. The Company is in the scope of the Pillar Two Model Rules and has adopted the amendments to IAS 12 (Refer income tax note 10). It is unclear if the Pillar Two model rules create additional temporary differences, whether to remeasure deferred taxes for the Pillar Two model rules and which tax rate to use to measure deferred taxes. In response to this uncertainty, on 23 May 2023 and 27 June 2023, respectively, the IASB and AASB issued amendments to IAS 12 'Income taxes' introducing a mandatory temporary exception to the requirements of IAS 12 under which a company does not recognize or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules.

The Company has applied the temporary exception at 31 December 2023.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.10 Employee benefits

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

(a) Defined contribution scheme

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Defined benefit scheme

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

The company operates a defined benefit scheme based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested in managed funds.

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

The management has taken legal opinion as to whether an unconditional right to the pension surplus exists. The winding-up provisions under the Bosch UK Retirement Benefits Scheme (specifically, Constitutional Rule 14.8) are such that if there are surplus assets once member benefits have been secured, the Trustees then have discretion to increase member benefits to such extent as they decide reasonable. Any surplus assets still remaining are then refunded to the Employers in such shares as the Principal Employer directs. On this basis, the management has concluded that it can recognise the surplus in accordance with IAS 19/ IFRIC 14.

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

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset together with the expected return on assets.

The amount recognised in the income statement relates to current service costs and gains and losses on settlements or curtailments. Past service costs are recognised immediately in the income statement.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.10 Employee benefits (continued)

(c) United Kingdom Pension Benefits — High Court of Justice Ruling on Actuarial Confirmations

In June 2023, the High Court ruled in the case between Virgin Media and the NTL Pension Trustees II Limited (and others) that the absence of a “Section 37” certificate accompanying an amendment to benefits in a contracted-out pension scheme would render the amendment void. If upheld, the High Court’s decision could have wider ranging implications, affecting other defined benefit pension schemes in the United Kingdom that were contracted-out on a salary-related basis, and made amendments between April 1997 and April 2016.

The Bosch UK Retirement Benefits Scheme was contracted out and whilst no scheme amendments were made from 2009 the scheme is subject to the Section 37 certificate requirement. The Trustee of the Bosch UK Retirement Benefits Scheme is undertaking an exercise to review historical scheme documents at the time of this report and hence the Directors are unable to conclude on the impact of the ruling. There is still further uncertainty with a Court of Appeal hearing for the case set for June 2024 as well as the potential for overriding government legislation to be introduced. Given this and the status of the ongoing review, at this time the company’s current expectation is that no adjustments to the Bosch UK Retirement Benefits Scheme defined benefit obligations will be required. The Bosch group, the company and the Trustee of the Bosch UK Retirement Benefits Scheme will continue to keep this matter under review.

2.11 Provisions

Provisions for restructuring costs and legal claims, including warranty, are recognised where: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Reorganisation provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.12 Revenue recognition

Revenue is recognised in accordance with the requirements of IFRS 15 ‘Revenue from Contracts with Customers’. The company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

1. Identify the contract(s) with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognise revenue when (or as) the entity satisfy a performance obligation.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.12 Revenue recognition (continued)

(a) Sale of goods

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

(b) Sale of services

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

(c) Contract assets and liabilities

A contract asset is recognised when a performance obligation is satisfied (i.e. the work done and revenue recognised), but the payment is still conditional on future performance of the company (i.e. not only on the passage of time). It usually means that the company will be able to bill the customer only after it satisfies other performance obligations in the same contract.

Contract assets are different from trade receivables because trade receivables represent an unconditional right to receive payment. This means that only the passage of time is required before payment is due. The significance of the distinction between a contract asset and a receivable is that the contract asset carries not only the credit risk, but other risks as well (e.g. performance risk).

The company recognises a contract liability as an obligation to transfer goods or services. This is recognised when a payment from a customer is due (or already received) before a related performance obligation is satisfied. A contract liability is commonly recognised when a customer pays a deposit when placing an order.

2.13 Finance income/(expense)

Finance income/(expense) is recognised using the effective interest rate method. In calculating interest income/(expense), the effective interest rate is applied to the gross carrying amount of the asset, when the asset is not impaired or to the amortised cost of the liability for interest expense. For financial assets that have been impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer impaired the interest income calculation reverts to the gross carrying amount.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.14 Leases

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

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

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

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Leases where the individual lease value is below £5,000 have not been reclassified as right-of-use assets but continue as operating leases. At the end of 31 December 2023, no assets were reclassified as low-value.

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

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

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

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

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

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

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.14 Leases (continued)

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

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

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

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

Extension and termination options

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

Critical judgements in determining the lease term

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

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

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

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

As at 31 December 2023, potential future cash outflows of £nil (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

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

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

2.15 Dividend distributions

Final dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders. Interim dividends do not become a liability until they are paid.

2.16 Financial guarantees

Financial guarantees are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- The amount determined in accordance with the expected credit loss model under IFRS 9: Financial Instruments; and
- The amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15: Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions made in arriving at the carrying amounts of assets and liabilities are as follows:

a) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property, plant and equipment and note 2.3 for the useful economic lives for each class of assets.

b) Inventory provisioning

The company designs, manufactures and sells products and is subject to changing customer demands and economic trends. As a result, it is necessary to consider the recoverability of the cost of the stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of the finished goods and future usage of raw materials. See note 14 for the net carrying amount of the inventory and associated provision.

c) Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and the historical experience. See note 15 for the net carrying amount of the receivables and associated impairment provision.

d) Defined benefit pension

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension asset in the statement of financial position. The assumptions reflect historical experience and current trends. See note 20 for the disclosures of the defined benefit pension scheme.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

3 Critical accounting estimates and judgements (continued)

e) **Warranty provision**

Provision is made for potential warranty costs on sales where the goods supplied are still within their warranty period. The provision is calculated on the basis of the actual cost of rectifying warranty failures and takes into account the time period before claims will be made. The calculation excludes those claims against which specific provision has already been made (see note 19).

f) **Lease accounting**

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

- For leases of warehouses, retail stores and equipment, the following factors are normally the most relevant:
- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

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

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

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

4 Revenue

Analysis of revenue by geography:

	2023	2022
United Kingdom	161,940	132,003
Germany	7,662	6,695
Other EU countries	26,612	36,359
Rest of Europe	6,720	1,536
North America	78,531	66,749
Central and South America	1,912	445
Australia and South Pacific	205	383
Asia and Middle East	15,765	13,662
Africa	2	13
	299,349	257,845

Analysis of revenue by category:

	2023	2022
Sale of goods	260,493	230,944
Rendering of services	38,856	26,901
	299,349	257,845

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

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

	2023	2022
Impairment losses		
- movement in loss allowance for trade receivables and contract assets	1	(104)
Net impairment losses on financial and contract assets	1	(104)

Of the above impairment losses, £1 (2022: £104) relate to receivables arising from contracts with customers (see note 15).

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

6 Operating profit

Operating profit is stated after charging/(crediting) including allowances for Government Grants:

	2023	2022
Wages and salaries	36,954	33,131
Social security costs	4,240	4,023
Pension costs	2,265	1,989
Staff costs	43,459	39,143
Depreciation of owned property, plant and equipment	3,069	2,988
Depreciation of right-of-use assets	1,164	744
Amortisation of intangible assets	91	-
Loss on disposal of property, plant and equipment	-	14
Impairment of inventory (included in cost of sales)	1,402	2,967
Impairment of contract assets	1	104
Warranty expense	(429)	(1,613)
Inventory recognised as an expense	191,665	176,087
Research and development expenditure	1,907	1,650
Audit fees payable to the company's auditor	75	76

7 Other operating income/(expense)

	2023	2022
Foreign exchange gains/(losses)	(1,001)	1,713
Other income/(expense)	116	314
Other operating income/(expense)	(885)	2,027

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

8 Employees and directors

Employees

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

By activity	2023 Number	2022 Number
Production and engineering	471	545
Selling and distribution	227	155
Administration	84	81
	782	781

Directors

The directors' emoluments were as follows:

	2023	2022
Aggregate emoluments	540	541
Contributions to defined contribution scheme	10	10
	550	551

Post-employment benefits are accruing for 1 (2022: 1) directors under a defined contribution scheme.

The emoluments of one of the directors was paid by Bosch Rexroth A/S and the emoluments of a second director paid by Robert Bosch UK Holdings Limited, both fellow group undertakings. Their services to this company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to those companies. Accordingly, no emoluments are borne by this company in respect of these directors.

Highest paid director

The highest paid director's emoluments were as follows:

	2023	2022
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	315	313
Defined contribution scheme:		
- accrued pension at the end of the year	-	-

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

9 Finance income and expense

Finance income

	2023	2022
Net interest on post-employment benefits	777	288
Bank Interest Income	33	4
Total finance income	810	292

Finance expense

	2023	2022
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	167	56
Total finance expense	167	56

Net finance expense

	2023	2022
Interest income	810	292
Interest expense	(167)	(56)
Total finance income/(expense)	643	236

Interest expense includes expense from group undertakings of £nil (2022: £nil).

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

10 Income tax

Tax expense included in profit or loss:

	2023	2022
Current tax:		
- UK corporation tax on profits for the year	3,559	2,233
- Double taxation relief	(537)	(308)
- Foreign taxation	569	339
- Adjustments in respect of prior periods	65	200
Total current tax	3,656	2,464
Deferred tax:		
- Origination and reversal of timing differences	921	924
- Change in UK tax rate	-	292
- Adjustments in respect of prior periods	(131)	(253)
Total deferred tax	790	963
Tax on profit recognised in the income statement	4,446	3,427

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

10 Income tax (continued)

Tax charge for the year is higher (2022: tax charge is higher) than the average standard rate of corporation tax in the UK for the year ended 31 December 2023 of 23.52% (2022: 19.00%). The differences are explained below:

	2023	2022
Profit before taxation	18,498	17,473
Profit multiplied by the standard rate of tax in the UK of 23.52% (2022: 19.00%)	4,351	3,320
Effects of:		
- Fixed asset differences	39	(182)
- Remeasurement of deferred tax – change in UK tax rate	87	292
- Expenses not deductible for tax purposes	24	37
- Research and development credits	11	(18)
- Other differences	-	31
- Adjustments in respect of prior periods	(66)	(53)
Tax charge/(credit)	4,446	3,427

The Finance Act 2021 substantively enacted the increase in corporation tax rate from 19% to 25%, which was effective from 1 April 2023. The effect of the rate increase has been reflected in the deferred tax balances in the financial statements.

The Company is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in UK, the jurisdiction in which Bosch Rexroth Limited is incorporated and will come into effect for the period beginning on or after 31 December 2023. Since the Pillar Two legislation was not effective at the reporting date, the company has no related current tax exposure. The Company applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

11 Intangible assets

	Software	Intellectual property	Total
Cost			
As at 1 January 2023	-	-	-
Additions	28	4,060	4,088
As at 31 December 2023	28	4,060	4,088
Accumulated amortisation and impairment			
At 1 January 2023	-	-	-
Amortisation	6	85	91
As at 31 December 2023	6	85	91
Net book amount			
As at 31 December 2022	-	-	-
At 31 December 2023	22	3,975	3,997

The amortisation charge is recognised in the following line items in the profit and loss account:

	2023	2022
Administrative expenses	91	-
	91	-

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

12 Property, plant and equipment

	Leasehold property and improvements	Plant and machinery	Fixtures, fittings, tools and equipment	Assets under construction	Total
Cost					
As at 1 January 2023	13,920	29,387	16,615	1,550	61,472
Additions	93	781	1,212	441	2,527
Disposals	-	-	(40)	-	(40)
Transfers	7	904	216	(1,127)	-
As at 31 December 2023	14,020	31,072	18,003	864	63,959
Accumulated depreciation					
As at 1 January 2023	8,064	20,650	13,008	-	41,722
Disposals	-	-	(40)	-	(40)
Depreciation	307	1,495	1,267	-	3,069
As at 31 December 2023	8,371	22,145	14,235	-	44,751
Net book amount					
As at 31 December 2022	5,856	8,737	3,607	1,550	19,750
As at 31 December 2023	5,649	8,927	3,768	864	19,208
				2023	2022
Freehold				5,395	5,592
Leasehold				254	264
Carrying value				5,649	5,856

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

13 Leases

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

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Right of Use Assets	Buildings	Equipment	Vehicles	Total
Cost				
As at 1 January 2023	3,317	1,252	1,311	5,880
Additions	55	108	1,548	1,711
Disposal	(21)	(153)	(1,286)	(1,460)
As at 31 December 2023	3,351	1,207	1,573	6,131
Accumulated depreciation				
As at 1 January 2023	1,534	801	1,285	3,620
Depreciation	401	241	522	1,164
Disposal	(21)	(153)	(1,286)	(1,460)
As at 31 December 2023	1,914	889	521	3,324
Net book amount				
As at 31 December 2022	1,783	451	26	2,260
As at 31 December 2023	1,437	318	1,052	2,807

	2023	2022
Lease liabilities		
Current	1,091	647
Non-current	1,872	1,756
	2,963	2,403

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

13 Leases (continued)

Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	<i>Notes</i>	2023	2022
Depreciation charge		1,164	744
Interest expense (included in finance cost)	9	167	56
		1,331	800

A maturity analysis of lease liabilities based on an undiscounted gross cashflow is as follows:

	2023	2022
Not later than one year	1,091	681
Later than one year and not later than five years	1,980	1,823
More than five years	-	-
Total gross payments	3,071	2,504
Impact of finance expenses	(108)	(101)
Carrying amount of liability	2,963	2,403

The total cash outflow for leases was as follows:

	2023	2022
Lease payments	1,157	769
Lease interest	167	56
	1,324	825

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

14 Inventories

	2023	2022
Raw materials and consumables	10,063	10,617
Work in progress	6,528	8,743
Finished goods and goods for resale	11,015	10,366
	27,606	29,726

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

Inventories are stated after provisions for impairment of £1,402 (2022: £2,967).

15 Trade and other receivables

	2023	2022
Trade receivables	47,953	57,208
Amounts owed by group undertakings	9,698	6,313
Corporation taxation	1,027	967
Other receivables	1,966	1,170
Prepayments and accrued income	1,100	851
	61,744	66,509
Due within one year	61,744	66,509
Due after more than one year	-	-

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

Trade receivables are stated after provisions for impairment of £593 (2022: £594).

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

16 Deferred tax

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

	2023	2022
Deferred tax assets due within 12 months	-	-
Deferred tax liabilities due within 12 months	-	-
Total asset/(provision)	-	-
	2023	2022
Deferred tax assets due after 12 months	103	144
Deferred tax liabilities due after 12 months	(6,089)	(6,127)
Total (provision)	(5,986)	(5,983)
	<i>Notes</i>	
Total (provision)	19	(5,986)

Deferred tax liabilities	Property, plant and equipment	Relating to the pension asset	Total
At 1 January 2022	1,792	3,496	5,288
Charged to the income statement	494	478	972
Charged to other comprehensive income	-	(133)	(133)
At 31 December 2022	2,286	3,841	6,127
Charged to the income statement	150	600	750
Credited to other comprehensive income	-	(787)	(787)
At 31 December 2023	2,436	3,654	6,090

Deferred tax assets	Provisions	Relating to the pension deficit	Total
At 1 January 2022	135	-	135
Credited/(charged) to the income statement	9	-	9
At 31 December 2022	144	-	144
Credited to the income statement	(40)	-	(40)
At 31 December 2023	104	-	104

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

16 Deferred tax (continued)

The Finance Act 2021 substantively enacted the increase in the corporation tax rate from 19% to 25%, which was effective from 1 April 2023. The effect of the rate increase has been reflected in the deferred tax balances in the financial statements.

17 Creditors: amounts falling due within one year

	<i>Notes</i>	2023	2022
Bank loans and overdrafts		16,590	14,799
Trade creditors		18,980	16,572
Amounts owed to group undertakings		12,747	13,145
Taxation and social security		3,146	4,493
Lease liabilities	13	1,091	647
Other creditors		-	2
Accruals and deferred income		2,618	4,245
		55,172	53,903

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

The bank overdraft is unsecured, interest is charged at base rate plus 0.6%, and is repayable on demand.

18 Creditors: amounts falling due after more one year

	<i>Notes</i>	2023	2022
Lease liabilities	13	1,872	1,756
		1,872	1,756

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

19 Provisions for liabilities

	Customer contract loss provision	Warranty provision	Holiday pay accrual	Deferred taxation	Total
At 1 January 2023	24	1,316	75	5,983	7,398
Additions to the income statement	148	1,015	74	790	2,027
Additions to the statement of comprehensive income	-	-	-	(787)	(787)
Amounts utilised	-	(1,508)	(75)	-	(1,583)
At 31 December 2023	172	823	74	5,986	7,055

Contract loss provision

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

Warranty provision

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

Holiday pay accrual

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

Deferred taxation

Refer to note 16.

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

20 Post-employment benefits

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

Defined benefit scheme

The company participates in a defined benefit scheme providing benefits based on final pensionable pay that runs for Bosch group companies called the Bosch UK Retirement Benefits Scheme (BUK RBS). The scheme is now closed to new entrants.

The Trustees are responsible for the governance of the Plan. The Trustees are bound by the Trust Deed and Scheme Rules which can only be changed in agreement with the Principal Employer. The Trustees have delegated the day-to-day management and operation of the Scheme's affairs to professional organisations; the Legal Adviser is present at the Trustee Meetings to ensure compliance.

The Scheme falls under the guidelines of the Pension Regulator; the PSR number for the Scheme is 19021901; Annual Scheme Returns are made to the Regulator. The scheme complies with the Regulators codes of practise and the Pensions Acts.

The assets of pension scheme are held separately from those of the company. The amounts in the financial statements relating to this pension scheme are based on the latest funding valuation conducted at 1 January 2021 having been adjusted to 31 December 2023, taking account of experience over that period, changes in market conditions, and differences in the financial and demographic assumptions. It was agreed by the companies participating in the scheme that the assets and liabilities would be allocated as follows:

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

The actuarial valuation of BUK RBS described above used the projected unit basis and has been updated at 31 December 2023 by a qualified independent actuary, AON Hewitt, using revised assumptions that are consistent with the requirements of IAS19 *Employee Benefits*. Under the definitions set out in IAS19, the BUK RBS is a multi-employer pension scheme. The surplus for the scheme as a whole at 31 December 2023 is £39,840 (2022: £36,317 surplus).

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

20 Post-employment benefits (continued)

The last funding valuation of the scheme was carried out by a qualified actuary as at 1 January 2021 and showed a deficit of £21.1m. The Bosch group is paying deficit contributions of £4.2m per annum which, along with investment returns from return-seeking assets, are expected to make good this shortfall by 31 March 2026. The next funding valuation is due no later than 1 January 2024, at which progress towards full funding will be reviewed.

A contribution of £4.2m is expected to be paid by the Bosch group during the year ending on 31 December 2024.

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

Actuarial assumptions

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

	2023	2022
	%	%
Expected rate of salary increases	2.95	3.10
Expected rate of increase of pensions in payment		
- RPI min 0%, max 5%	2.80	2.95
- RPI min 3%, max 5%	3.60	3.65
- RPI min 0%, max 3%	2.20	2.30
- CPI min 0%, max 5%	2.45	2.60
Discount rate	4.50	4.80
Rate of inflation	2.45	2.60

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

	2023	2022
	Years	Years
Longevity at age 65 for current pensioners:		
- Men	21.2	21.1
- Women	24.1	24.0
Longevity at age 65 for future pensioners:		
- Men	22.6	22.5
- Women	25.5	25.4

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

20 Post-employment benefits (continued)

Reconciliation of scheme assets and liabilities:

	Assets	Liabilities	Total
At 1 January 2023	74,325	(58,963)	15,362
Benefits paid	(2,379)	2,379	-
Employer contributions	1,623	-	1,623
Interest income / (expense)	3,477	(2,700)	777
Remeasurement (losses) / gains	(2,026)	(1,124)	(3,150)
At 31 December 2023	75,020	(60,408)	14,612

The expected employer contribution for 2024 is £1,623.

Retirement benefit asset recognition:

At the balance sheet date, the fair value of the defined benefit assets exceeded the present value of the defined benefit obligations of the Bosch UK Retirement Benefits Scheme (BUK RBS). Although the Group anticipates that the surplus will be utilised during the life of the plan to address members' liabilities, the Group recognises the surplus in full on the basis that it is managements' judgment that there are no restrictions on the return of residual plan assets in the event of a winding up of the plan after all member obligations have been met.

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 6.2 %	Increase by 6.7 %
Pension growth rate	0.50%	Increase by 3.0 %	Decrease by 3.0 %
Life expectancy	Increase or decrease by 1 year	Increase by 3.7 %	Decrease by 3.8 %

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

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

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

20 Post-employment benefits (continued)

Amounts recognised in the income statement:

	2023	2022
Interest income/(cost)	777	288
	777	288

Amounts recognised in other comprehensive income:

	2023	2022
Actuarial loss on pension scheme	(3,150)	(532)
Movement on deferred tax relating to change in tax rates	787	133
	(2,363)	399

The fair value of the plan assets was:

	2023	2022
Equity instruments	-	22,226
Debt instruments	68,856	48,704
Cash and cash equivalents	3,824	444
Insurance contracts	2,340	2,951
Total	75,020	74,325

The return on the plan assets was:

	2023	2022
Interest income	3,477	1,976
Remeasurements	(2,025)	(26,881)
Total return on plan assets	1,452	(24,905)

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

20 Post-employment benefits (continued)

Defined contribution scheme

The company established a money purchase plan in April 1990. The plan's assets are held independently from the company and invested in managed funds operated by major financial institutions. Any employee can contribute to the scheme; the company will match the employee's contribution, subject to a limit, where the limit is dependent upon the length of time each employee has been a member of the scheme.

The amount recognised as an expense for the defined contribution scheme was:

	2023	2022
Current year contributions	2,265	1,989

No prepayments or accruals have been made in respect of this scheme (2022: £nil).

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

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

21 Share capital

Share capital

Ordinary shares of £1 each

	2023	2022
Allotted and fully paid up	No. (000's)	No. (000's)
On issue at 1 January	14,700	14,700
On issue at 31 December – fully paid	14,700	14,700

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Dividends

The following dividends were recognised during the year:

	2023	2022
Final dividend for 2022: 111.34p per qualifying ordinary share	16,368	12,000

After the date of the statement of financial position the directors proposed dividends for the year ended 31 December 2023 of £14,052 equivalent to 95.59p per qualifying ordinary share (2022: £16,368 at 111.34 p per share).

22 Contingent liabilities

The company's banking arrangement is part of a cash pool netting arrangement with certain other UK subsidiaries of Robert Bosch GmbH, each being jointly and severally liable. Each participating company has provided a guarantee to the Bank. Under the terms of the agreement and the guarantees, the bank is authorised to allow set-off for interest purposes and in certain circumstances to seize credit balances and apply them in reduction of liabilities including debit balances within the composite accounting system.

The aggregate net surplus in hand under the terms of the agreement at 31 December 2023 amounted to £125,753 (2022: £179,686).

23 Capital and other commitments

Capital commitments

At 31 December 2023, the company had the following capital commitments:

	2023	2022
Contracts for future capital expenditure not provided in the financial statements	1,050	844

Notes to the financial statements (continued)

(All amounts in £ thousands unless otherwise stated)

24 Related party transactions

Under FRS 101.8 j) and k) the company is exempt from Related Party Disclosures as required in paragraph 17 of IAS24 and those related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The remuneration of the directors, who are the key management personnel of the Company, is disclosed in note 8.

25 Controlling parties

The immediate parent undertaking is Robert Bosch UK Holdings Limited.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Robert Bosch GmbH, a company incorporated in Germany. Copies of Robert Bosch GmbH consolidated financial statements can be obtained from Robert Bosch GmbH, Robert Bosch Platz 1, Gerlingen-Schillerhöhe, D-70049 Stuttgart, Germany.

The ultimate controlling party is Robert Bosch GmbH.

26 Events after the end of the reporting period

Subsequent to the date of the statement of financial position, there were no events that are not disclosed in these financial statements.