BOS Mistral Limited

Annual report and financial statements for the year ended 31 December 2019

Registered office

25 Gresham Street
London
EC2V 7HN

Registered number

06560224

Current directors

M S J Daly
N S Burnett

Company Secretary

D D Hennessey

Member of Lloyds Banking Group plc

Directors' report

For the year ended 31 December 2019

The directors present their report and the audited financial statements of BOS Mistral Limited (the "Company") for the year ended 31 December 2019.

General information

The Company is a private limited company, limited by shares, incorporated in United Kingdom, registered and domiciled in England and Wales (registered number: 06560224).

The Company has an investment in Motability Operations Group plc ("Motability") which is owned by five investing banks. Motability offers customers with mobility difficulties a range of affordable cars through contract hire and hire purchase arrangements, using the government funded motability allowances.

The Company is funded entirely by other companies within the Lloyds Banking Group (the "Group").

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are managed within the framework established for the Group and are not managed separately for the Company. Further details of the Company's and Group's risk management policy are contained in note 15 to the financial statements.

Key performance indicators ("KPIs")

The directors are of the opinion that the information presented in the financial statements provides the management information necessary for the directors to understand the development, performance and position of the business of the Company, and therefore no additional KPIs are presented.

Future outlook

The directors consider that the Company's activities will continue unchanged in the foreseeable future.

The Company is part of the wider Lloyds Banking Group, and, at that level, consideration of many of the potential implications following the UK's vote to leave the European Union has been undertaken. Work continues to assess the impact of EU exit at the level of the Lloyds Banking Group, as well as for the Company, upon customers, colleagues and products. This assessment includes all legal, regulatory, tax, finance and capital implications.

The global pandemic from the outbreak of COVID-19 is causing widespread disruption to financial markets and normal patterns of business activity across the world, including in the UK. Measures taken to contain the health impacts of the COVID-19 pandemic are resulting in adverse impacts on economic activity across the world, and the duration for which such measures will remain in place is uncertain. The impact on the economy is currently highly uncertain in both its depth and length, and may go beyond current forecasts of scale of loss of output and recession in the UK and globally.

Dividends

No dividends were paid or proposed during the year ended 31 December 2019 (2018: £nil).

Going concern

The directors are satisfied that it is the intention of the Group that its subsidiaries, including the Company, will continue to have access to adequate liquidity and capital resources for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

Directors

The current directors of the Company are shown on the front cover.

The following changes have taken place between the beginning of the reporting year and the approval of the Annual report and accounts:

A J Hartley	(resigned 30 June 2019)
C A Parkes	(resigned 10 December 2019)
M S J Daly	(appointed 10 December 2019)
N S Burnett	(appointed 10 December 2019)

Directors' report (continued)

For the year ended 31 December 2019

Directors' indemnities

Lloyds Banking Group plc has granted to the Directors of the Company, a deed of indemnity through deed poll which constituted 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements or from the date of appointment in respect of the director who joined the board of the Company during the financial year. Directors no longer in office but who served on the Board of the Company at any time in the financial year had the benefit of this deed of indemnity during that period of service. The indemnity remains in force for the duration of a Director's period of office. The deed indemnifies the Directors to the maximum extent permitted by law. The Deed for existing Directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate Directors and Officers Liability Insurance cover which was in place throughout the financial year.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the company's financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union 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 inappropriate to presume that the Company will 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 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.

Independent auditors and disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under section 487(2) of the Companies Act 2006.

This report has been prepared in accordance with the special provisions relating to small companies within section 414 of Part 15 of the Companies Act 2006.

Approved by the board of directors and signed on its behalf by:

M.Daly

M S J Daly
Director

10 July 2020

Statement of comprehensive income

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Finance income	3	**139**	139
Other operating income	4	**150**	150
Impairment		**(4)**	-
Profit before tax		**285**	289
Taxation	8	**(28)**	(29)
Profit for the year, being total comprehensive income		**257**	260

The accompanying notes to the financial statements are an integral part of these financial statements.

Balance sheet

As at 31 December 2019

	Note	2019 £'000	2018 £'000
ASSETS			
Other trade receivables	9	**5,952**	5,667
Assets held at fair value through profit and loss	10	**10**	10
Total assets		**5,962**	5,677
LIABILITIES			
Borrowed funds	11	**1,973**	1,973
Other current liabilities	12	**30**	30
Current tax liability		**85**	57
Total liabilities		**2,088**	2,060
EQUITY			
Share capital	13	**100**	100
Retained earnings		**3,774**	3,517
Total equity		**3,874**	3,617
Total equity and liabilities		**5,962**	5,677

The accompanying notes to the financial statements are an integral part of these financial statements.

The financial statements were approved by the board of directors and were signed on its behalf by:

M. Daly

M S J Daly
Director

10 July 2020

Statement of changes in equity
For the year ended 31 December 2019

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2018	100	3,257	3,357
Profit for the year being total comprehensive income	-	260	260
At 31 December 2018	**100**	**3,517**	**3,617**
Profit for the year being total comprehensive income	-	257	257
At 31 December 2019	**100**	**3,774**	**3,874**

The accompanying notes to the financial statements are an integral part of these financial statements.

Cash flow statement

For the year ended 31 December 2019

	2019 £'000	2018 £'000
Cash flows generated from / (used in) operating activities		
Profit before tax	**285**	289
Adjustments for:		
- Finance income	**(139)**	(139)
- Net decrease in Available for sale financial assets	**-**	10
- Net increase in Assets held at fair value through profit and loss	**-**	(10)
- Decrease in Loans and receivables	**4**	-
Cash generated from operations	**150**	150
Net cash generated from operating activities	**150**	150
Cash flows generated from investing activities		
Finance income	**139**	139
Net cash generated from investing activities	**139**	139
Cash flows used in financing activities		
Net increase in amounts due from group undertakings	**(289)**	(289)
Net cash used in financing activities	**(289)**	(289)
Change in cash and cash equivalents	**-**	-
Cash and cash equivalents at beginning of year	**-**	-
Cash and cash equivalents at end of year	**-**	-

The accompanying notes to the financial statements are an integral part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2019

1. Accounting policies

1.1 Basis of preparation

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

These financial statements have been prepared in accordance with applicable IFRSs as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRSs. IFRSs comprise accounting standards prefixed IFRS issued by the International Accounting Standards Board ("IASB") and those prefixed IAS issued by the IASB's predecessor body, as well as interpretations issued by the IFRS Interpretations Committee ("IFRS IC") and its predecessor body.

There are no new pronouncements relevant to the Company requiring adoption in the future.

Details of those pronouncements which will be relevant to the Company but which were not effective at 31 December 2019 and which have not been applied in preparing these financial statements are given in note 19. No standards have been early adopted.

The financial statements have been prepared on a going concern basis as detailed in the Director's report and under the historical cost convention.

1.2 Income recognition

Finance income is recognised in the Statement of comprehensive income under the rights assigned to the associated preference share capital, using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating the interest income to a period of account. The effective interest rate is the rate that discounts the estimated future cash receipts over the expected life of the instrument to the net carrying amount of the financial asset.

Other operating income is recognised in the Statement of comprehensive income as the related service is provided.

1.3 Financial assets and liabilities

Financial assets comprise Amounts due from group undertakings, Loans and receivables, Other receivables and Assets held at fair value through profit and loss. Financial liabilities comprise Borrowed funds and Other current liabilities.

The Company's investments in the ordinary shares in Motability are stated at fair value through profit and loss. All other financial assets and financial liabilities are stated at amortised cost.

Financial assets at fair value through profit or loss are designated as such by management upon initial recognition. Such assets are carried in the balance sheet at their fair value and gains and losses arising from changes in fair value are recognised in the Statement of comprehensive income within other operating income / (expense) in the year in which they occur.

Financial assets and liabilities held at amortised cost are recognised when the Company becomes a party to the contractual provisions of the instrument. These financial assets and liabilities are derecognised when the rights to receive cash flows, or obligations to pay cash flows, have expired.

1. Accounting policies (continued)

1.4 Impairment

Expected credit losses ("ECL") on financial assets held at amortised cost are calculated by using an appropriate probability of default, adjusted to take into account a range of possible future economic scenarios, and applying this to the estimated exposure of the Group at the point of default after taking into account the value of any collateral held or other mitigants of loss and including the impact of discounting using the effective interest rate.

At initial recognition, allowance is made for expected credit losses resulting from default events that are possible within the next 12 months (12-month expected credit losses). In the event of a significant increase in credit risk, allowance is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses). Financial assets where 12-month expected credit losses are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

An assessment of whether credit risk has increased significantly since initial recognition considers the change in the risk of default occurring over the remaining expected life of the financial instrument. The assessment is unbiased, probability-weighted and uses forward-looking information consistent with that used in the measurement of expected credit losses. However, unless identified at an earlier stage, the credit risk of financial assets is deemed to have increased significantly when more than 30 days past due. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since origination, the asset is transferred back to Stage 1.

Assets are transferred to Stage 3 when they have defaulted or are otherwise considered to be credit impaired. IFRS 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due.

1.5 Taxation

Tax expense comprises current tax. Current tax is charged or credited in the Statement of comprehensive income except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the Statement of comprehensive income (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date.

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by Her Majesty's Revenue and Customs or another tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each balance sheet date, and the provisions are re-measured as required to reflect current information.

2. Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although those estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

In the course of preparing these financial statements, there are no critical judgements nor have any critical accounting estimates been made in the process of applying the Company's accounting policies.

3. Finance income

	2019	2018
	£'000	£'000
Interest income on preference shares (see note 14)	**139**	139

The Company receives interest income on its preference shareholding in Motability.

4. Other operating income

	2019 £'000	2018 £'000
Management fees (see note 14)	**150**	150

Other operating income is received annually from Motability in the form of a management fee.

5. Other operating expenses

Fees payable to the Company's auditors for the audit of the financial statements of £7,000 (2018: £7,000) have been borne by a fellow group company and are not recharged to the Company. Accounting and administration services are provided by a fellow group undertaking and are not recharged to the Company.

6. Staff costs

The Company did not have any employees during the year (2018: none).

7. Directors' emoluments

No director received any fees or emoluments from the Company during the year (2018: £nil). The directors are employed by other companies within the Group and consider that their services to the Company are incidental to their other responsibilities within the Group (see also note 14).

8. Taxation

	2019 £'000	2018 £'000
a) Analysis of charge for the year		
UK corporation tax:		
- Current tax on taxable profit for the year	**28**	29

Corporation tax is calculated at a rate of 19.00% (2018: 19.00%) of the taxable profit for the year.

b) Factors affecting the tax charge for the year

A reconciliation of the charge that would result from applying the standard UK corporation tax rate to the profit before tax to the actual tax charge for the year is given below:

	2019 £'000	2018 £'000
Profit before tax	**285**	289
Tax charge thereon at UK corporation tax rate of 19.00% (2018: 19.00%)	**54**	55
Factors affecting charge:		
- Disallowed and non-taxable items	**(26)**	(26)
Tax charge on profit on ordinary activities	**28**	29
Effective rate	**9.82%**	10.03%

Notes to the financial statements (continued)

For the year ended 31 December 2019

9. Other trade receivables

	2019	2018
	£'000	£'000
Amounts due from group undertakings (see note 14)	**3,786**	3,497
Loans and receivables (see note 14)	**1,986**	1,990
Other receivables (see note 14)	**180**	180
	5,952	5,667

Amounts due from group undertakings is unsecured, non-interest bearing and repayable on demand.

All Amounts due to group undertakings are included within Stage 1. The ECL is negligible.

The Company has a 19.99% investment in Motability structured by 1,990,000 cumulative 7% preference shares of £1 each and 9,995 ordinary shares of £1 each, which the Company intends to retain for the foreseeable future. For the purposes of IFRS 9 Loans and receivables are included within Stage 1. The ECL on Loans and receivables is £4,000 (2018: £nil).

The holding of the preference shares does not entitle the Company to receive notice of or to attend or vote at any general meeting of Motability unless the business of that meeting includes the consideration of a resolution for winding up, reduction in capital or any resolution directly or adversely modifying or abrogating any of the special rights or privileges attached to the preference shares.

10. Assets held at fair value through profit and loss

As noted above in Note 9, the Company has a 19.99% investment in Motability structured by 1,990,000 cumulative 7% preference shares of £1 each and 9,995 ordinary shares of £1 each, which the Company intends to retain for the foreseeable future.

The fair value of the ordinary shares has been estimated as £10,000 (2018: £10,000). This was assessed considering other inputs including historical observations, future expectations and fair value of equivalent holdings reported by peer entities in the public domain.

11. Borrowed funds

	2019	2018
	£'000	£'000
Amounts due to group undertakings (see note 14)	**1,973**	1,973

Amounts due to group undertakings is non-interest bearing, unsecured and repayable on demand, although there is no expectation that such a demand would be made.

12. Other current liabilities

	2019	2018
	£'000	£'000
VAT payable	**30**	30

13. Share capital

	2019	2018
	£'000	£'000
Allotted, issued and fully paid		
100,000 (2018: 100,000) ordinary shares of £1 each	**100**	100

14. Related party transactions

The Company is controlled by the Group. A number of transactions are entered into with related parties in the normal course of business. A summary of the outstanding balances at the year end and the related income for the year is set out below.

	2019 £'000	2018 £'000
Amounts due from group undertakings		
Bank of Scotland plc (see note 9)	**3,786**	3,497
Amounts due to group undertakings		
Bank of Scotland plc (see note 11)	**1,973**	1,973
Loans and other receivables		
Motability Operations Group plc (see note 9)	**1,986**	1,990
Other receivables		
Motability Operations Group plc (see note 9)	**180**	180
Assets held at fair value through profit and loss		
Motability Operations Group plc (see note 10)	**10**	10
Finance income		
Motability Operations Group plc (see note 3)	**139**	139
Other operating income		
Motability Operations Group plc (see note 4)	**150**	150

The above balances are unsecured in nature and are expected to be settled in cash or by cash equivalents. Transactions in the year are those reflected through the Statement of comprehensive income.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the Company. Accordingly, key management comprises the directors of the Company, the directors of Lloyds Banking Group plc and the members of the Lloyds Banking Group plc board. There were no transactions between the Company and key management personnel during the current or preceding year. Key management personnel are employed by other companies within the Group and consider that their services to the Company are incidental to their other activities within the Group.

15. Financial risk management

The Company's operations expose it to credit risk, liquidity risk and business risk; it is not exposed to any significant foreign exchange risk, interest rate risk, equity risk or market risk. Responsibility for the control of overall risk lies with the board of directors, operating within a management framework established by the immediate parent company, Uberior Investments Limited, and the ultimate parent, Lloyds Banking Group plc. Liquidity risk faced by the Company is in substance managed and borne by other group undertakings which fund the Company. Business risk is managed through regular reporting and oversight.

A description of the Company's financial assets/liabilities and associated accounting is provided in note 1.

15.1 Credit risk

Credit risk management

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company's financial assets have no amounts past due or impaired and the balances are considered to be of high credit quality, therefore the directors do not consider that the Company has significant exposure to credit risk. The maximum credit exposure of the Company in the event of other parties failing to perform their obligations is considered to be the balance sheet carrying value of Other assets of £5,952,000 (2018: £5,667,000).

15. Financial risk management (continued)

15.2 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. To manage this risk extensive borrowing facilities are available from within the Group.

Liquidity risks are managed as part of the Group by the immediate parent company, Uberior Investments Limited, in consultation with the board of directors. Monthly reviews of funding positions are undertaken to anticipate any shortfalls.

15.3 Business risk

Business risk is the risk that the Company's earnings are adversely impacted by a suboptimal business strategy or the suboptimal implementation of the strategy. In assessing business risk consideration is given to internal and external factors such as products, funding, resource capability and economic, political and regulatory factors.

Through regular reports and oversight business risk is managed by corrective actions to plans and reductions in exposures where necessary.

15.4 Financial strategy

The Company does not trade in financial instruments, nor does it use derivatives.

15.5 Fair values of financial assets and liabilities

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The directors consider that there are no significant differences between the carrying amounts shown in the Balance sheet and the fair value.

16. Capital disclosures

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, provide an adequate return to its shareholders through pricing products and services commensurately with the level of risk.

The Company's parent manages the Company's capital structure and advises the board of directors to consider making adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the board of directors may adjust the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares, or sell assets.

The Company's capital comprises all components of equity, movements in which appear in the Statement of changes in equity. The Company receives its funding requirements from its fellow group undertakings and does not raise funding externally.

17. Contingent liabilities and capital commitments

There were no contingent liabilities or contracted capital commitments at the balance sheet date (2018: £nil).

18. Post balance sheet events

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19 which is causing widespread disruption to financial markets and normal patterns of business activity across the world, including the UK. The Directors assess this event to be a non-adjusting post balance sheet event. In view of its currently evolving nature, the Directors are unable to estimate its financial and other effects.

19. Future developments

The following pronouncements will be relevant to the Company but were not effective at 31 December 2019 and have not been applied in preparing these financial statements.

Pronouncement	Nature of change	Effective date
Minor amendments to other accounting standards	The IASB has issued a number of minor amendments to IFRSs (including IFRS3 Business Combinations and IAS 1 Presentation of Financial Statements).	Annual periods beginning on or after 1 January 2020

The full impact of this pronouncement is being assessed by the Company. However, the initial view is that it is not expected to cause any material adjustments to the reported numbers in the financial statements.

Notes to the financial statements (continued)

For the year ended 31 December 2019

20. Ultimate parent undertaking and controlling party

The immediate parent company is Uberior Investments Limited (incorporated in Scotland). The company regarded by the directors as the ultimate parent company and controlling party is Lloyds Banking Group plc (incorporated in Scotland), which is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. LBG Equity Investments Limited is the parent undertaking of the smallest such group of undertakings. Copies of the financial statements of both companies may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London, EC2V 7HN. The Lloyds Banking Group plc financial statements may be downloaded via www.lloydsbankinggroup.com.

Independent Auditors' report to the member of BOS Mistral Limited

Report on the audit of the financial statements

Opinion

In our opinion, BOS Mistral Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of comprehensive income, the cash flow statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our *responsibilities under* ISAs (UK) *are further described in the Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Director's report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Independent Auditors' report to the member of BOS Mistral Limited (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the director for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Christopher J Dalton

Christopher Dalton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

10 July 2020