

Baxi Overseas Holdings Limited
Annual report and financial statements
for the year ended 31 December 2016

Registered number: 03879162

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Baxi Overseas Holdings Limited

Annual report and financial statements for the year ended 31 December 2016

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Baxi Overseas Holdings Limited

Strategic report for the year ended 31 December 2016

The directors present their strategic report for the company for the year ended 31 December 2016.

Principal activity

The company acts as an intermediate holding company.

Review of the business

The company's profit for the financial year is £13,214,000 (2015: £15,952,000) as set out in the profit and loss account on page 6.

Principal risks and uncertainties

The directors of Remeha Group BV, the company's ultimate parent company, manage the Group's risks at a group level, rather than at an individual business unit level. The principal risks and uncertainties of Remeha Group BV, which include those of the company, are discussed in the Group's annual report, which does not form part of this report.

Key performance indicators ("KPIs")

The directors of Remeha Group BV manage the Group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Baxi Overseas Holdings Limited. The development, performance and position of Remeha Group BV, which includes the company, are discussed in the Group's annual report, which does not form part of this report.

Future developments

The company will continue to act as an intermediate holding company.

By order of the Board



S Oliver
Director
5 April 2017

Baxi Overseas Holdings Limited

Directors' report for the year ended 31 December 2016

The directors present their report and the audited financial statements of the company for the year ended 31 December 2016.

Company registered number

The company's registered number is 03879162.

Dividends

No dividend was paid or proposed in respect of the current or prior year.

Going concern

The Directors have considered the business activities and forecasts for the company. No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the Directors. Therefore the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors who held office during the year and up to the date of this report were as follows:

P T Moss(resigned 31 December 2016)

S Oliver (appointed 31 December 2016)

J F Zwiers

J V Ooijen

Directors' indemnities

The Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Baxi Overseas Holdings Limited

Directors' report for the year ended 31 December 2016 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

Disclosure of information to auditors

In the case of each director in office at the date the Directors' 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
- they have 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

Independent auditor

PricewaterhouseCoopers LLP have expressed their willingness to be reappointed for another term. Appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

On behalf of the Board



S Oliver
Director
5 April 2017

Independent auditor's report to the members of Baxi Overseas Holdings Limited

Report on the financial statements

Our opinion

In our opinion, Baxi Overseas Holdings Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 December 2016;
- the Profit and loss account for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

Independent auditor's report to the members of Baxi Overseas Holdings Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Mark Smith (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

5 April 2017

Baxi Overseas Holdings Limited

Profit and loss account for the year ended 31 December 2016

		2016	2015
	Note	£'000	£'000
Profit on disposal of fixed asset investment	9	-	1,962
Operating profit		-	1,962
Income from shares in group undertakings	7	8,803	10,099
Interest receivable and similar income	5	7,685	11,991
Interest payable and similar charges	6	(2,528)	(6,920)
Profit on ordinary activities before tax		13,960	17,132
Tax on profit on ordinary activities	8	(746)	(1,180)
Profit for the financial year		13,214	15,952

All amounts relate to continuing operations.

The company has no recognised gains or losses, other than the result for the financial years, and therefore no separate statement of comprehensive income has been presented.

Baxi Overseas Holdings Limited

Balance sheet as at 31 December 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Investments	9	142,051	127,531
Current assets			
Debtors	10	253,760	408,813
Creditors: amounts falling due within one year	11	-	(226,997)
Net current assets		253,760	181,816
Total assets less current liabilities		395,811	309,347
Creditors: amounts falling due after more than one year	12	(73,250)	-
Net assets		322,561	309,347
Capital and reserves			
Called-up share capital	13	36	36
Share premium account		65,504	65,504
Other reserves		164,505	164,505
Retained earnings		92,516	79,302
Total equity		322,561	309,347

The notes on pages 9 to 16 are an integral part of these financial statements.

The financial statements on pages 6 to 16 were approved for issue by the Board of Directors on 5 April 2017. They were signed on its behalf by:



S Oliver
Director

Baxi Overseas Holdings Limited

Statement of changes in equity for the year ended 31 December 2016

	Called-up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2015	36	65,504	164,505	63,350	293,395
Profit for the financial year	-	-	-	15,952	15,952
Total comprehensive income for the year	-	-	-	15,952	15,952
Balance at 31 December 2015	36	65,504	164,505	79,302	309,347
Balance at 1 January 2016	36	65,504	164,505	79,302	309,347
Profit for the financial year	-	-	-	13,214	13,214
Total comprehensive income for the year	-	-	-	13,214	13,214
At 31 December 2016	36	65,504	164,505	92,516	322,561

Baxi Overseas Holdings Limited

Notes to the financial statements for the year ended 31 December 2016

1 General information

Baxi Overseas Holdings Limited is a private company, limited by shares and is incorporated in England under the Companies Act. The address of the registered office is Brooks House, Coventry Road, Warwick, CV34 4LL. The nature of the company's operations and its principal activities are set out in the Directors Report on page 3.

2 Statement of compliance

The financial statements of Baxi Overseas Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102. "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102) and the Companies Act 2006.

3 Summary of significant accounting policies

The principal 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.

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council and the Companies Act 2006.

Going concern

The Directors have considered the business activities and forecasts for the company. No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the Directors. Therefore the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Exemptions for qualifying entities under FRS 102

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, financial instrument disclosures, related party transactions and the non-disclosure of key management personnel compensation on the basis that it is a qualifying entity and its ultimate parent company, Remeha Group BV includes the company's cash flows in its own consolidated statements.

Consolidated financial statements

The company is a wholly owned subsidiary of Remeha Group BV as at 31 December 2016. The company is included in the consolidated financial statements of Remeha Group BV, which are publicly available. Copies of the Remeha Group BV consolidated financial statements are available from: Chamber of Commerce, Apeldoorn, Stationsstraat 80, The Netherlands. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the company's separate financial statements.

Baxi Overseas Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

3 Summary of significant accounting policies (continued)

Functional currency

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the date of the transactions. The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Foreign currencies

Assets and liabilities denominated in overseas currencies are translated into sterling at the rate ruling at the balance sheet date. All exchange differences are dealt with in the profit and loss account. Exchange differences arising in respect of revenue transactions are taken to the profit and loss account in the year in which they arise.

Investments

Fixed assets investments are held at cost less impairment. Fixed asset investments denominated in overseas currencies are translated into sterling at the rate ruling at the balance sheet date. All exchange differences are taken to the profit and loss account in the year in which they arise.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

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.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Baxi Overseas Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

4 Supplementary profit and loss information

None of the directors received any emoluments for their services to the company during the year (2015: £nil).

There were no employees during the year (2015: none)

Audit fees were approximately £1,000 (2015: £1,000) and the fees were borne by a fellow group company in both the current and prior year.

No non-audit services have been provided to the Company by its auditor during the current or prior year.

5 Interest receivable and similar income

	2016	2015
	£'000	£'000
Group interest receivable	5,724	11,991
Currency translation gain	1,961	-
	7,685	11,991

The currency translation gain relates to the retranslation of Euro denominated liabilities held within the entity at the year end.

6 Interest payable and similar charges

	2016	2015
	£'000	£'000
Group interest payable	2,528	6,432
Currency translation loss	-	488
	2,528	6,920

The currency translation loss relates to the retranslation of Euro denominated liabilities held within the entity at the year end.

7 Income from shares in group undertakings

	2016	2015
	£'000	£'000
Dividends received	8,803	10,099

Baxi Overseas Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

8 Tax on profit on ordinary activities

	2016	2015
	£'000	£'000
Current tax:		
UK corporation tax at 20% (2015: 20.25%)	746	1,180
Tax on profit on ordinary activities	746	1,180

The tax charge for the year is lower (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are stated below:

	2016	2015
	£'000	£'000
Profit on ordinary activities before tax	13,960	17,132
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	2,792	3,469
Effects of:		
Permanent differences	(412)	-
Dividend receivable	(1,761)	(2,045)
Withholding tax	127	-
Foreign exchange losses not tax deductible	-	153
Non-taxable income	-	(397)
Current tax charge for the year	746	1,180

Tax rate changes

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance (No.2) Act 2015 on 18 November 2015 and Finance Act 2016 on 7 September 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

Baxi Overseas Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

9 Investments

	Shares in group undertakings £'000
Cost and net book value	
At 1 January 2016	127,531
Additions	2,169
Foreign exchange movement	12,351
At 31 December 2016	142,051

During the year, the company increased the number of ordinary shares held in BDR Thermea (Tianjin) Co. Limited.

During the year, Romania SA was liquidated. No disposal value is shown as the Romania SA was fully impaired.

The company holds ordinary share capital in the following companies:

Company	Registered office	Country of incorporation	Class and percentage of shares held
Baxi SpA	Via Trozzetti, 20 - Bassano del Grappa 36061 (VI) - Italy	Italy	100% Ordinary
Baxi BV	Kanaal Zuid 110, Apeldoorn, The Netherlands	Netherlands	100% Ordinary
BDR Thermea (Tianjin) Co Ltd	Room n.509, no.18 guo mao street Tianjin free trade zone, Tianjin, China	China	100% Ordinary
BDR Thermea Iberia S.L.U	C/salvador espriu,9,polig.pedrosa,l'hospitalet de llobregat08908	Spain	100% Ordinary
BDR Thermea (Czech Republic) s.r.o	Jeseniova 2770/56, Prague 3, 130 00	Czech Republic	90% Ordinary
LLC BDR Thermea Rus	Pereulok Zubarev 15/1, 129164 Moscow	Russia	0.1% Ordinary
Triangular SA	Aguirre 1337, 1414 CABA, Argentina	Argentina	15% Ordinary

Baxi Overseas Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

10 Debtors

	2016	2015
	£'000	£'000
Amounts falling due within one year		
Amounts owed by group undertakings	239	408,504
	239	408,504
Amounts falling due after more than one year		
Amounts owed by group undertakings	253,212	-
Other debtors	309	309
	253,521	309

Amounts owed by group undertakings include group loans of £253,212,000 (2015: £nil), which are unsecured and repayable in over five years. Interest is receivable on group loans at a market rate.

In 2015, all amounts owed by group undertakings were unsecured, had no fixed date of repayment and were repayable on demand.

11 Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Amounts owed to group undertakings	-	226,997

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is payable on active group loans at a market rate.

12 Creditors: amounts falling due after more than one year

	2016	2015
	£'000	£'000
Amounts owed to group undertakings	73,250	-

Amounts owed to group undertakings are unsecured and repayable within five years. Interest is payable on group loans at a market rate.

Baxi Overseas Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

13 Share capital

	2016	2015
	£'000	£'000
Allotted and fully paid		
36,406 (2015: 36,406) ordinary shares of £1 each	36	36

14 Contingent liabilities

The company is a guarantor of loans provided by various bankers to Heating Finance Limited and BDR Thermea Group BV, both of which are group companies. At 31 December 2016 the contingent liability was £403.3 million (2015: £439.4 million), being the net amount drawn down under the facility.

15 Ultimate parent company and controlling party

At 31 December 2016, the company was a wholly-owned subsidiary of Baxi Potterton Limited, a company incorporated in England.

The company's ultimate parent company is Remeha Group BV, a company incorporated in the Netherlands, which is the largest and smallest group to consolidate these financial statements. The ultimate controlling party is Stichting Aandelen Remeha Foundation, a Dutch Foundation.

Copies of the Remeha Group BV consolidated financial statements are available from: Chamber of Commerce, Apeldoorn, Stationsstraat 80, The Netherlands.

16 Subsidiary undertakings

The company's subsidiary undertakings are shown in note 9. Indirect subsidiaries held through those investments at 31 December 2016 are listed below.

Company	Registered office	Country of incorporation	Class and percentage of shares held
Baxi Calefacción SLU	C/salvador espriu,9-11,polig.pedrosa,l'hospitalet de llobregat08908	Spain	100% Ordinary
De Dietrich Thermique Iberia SLU	C/salvador espriu,11,polig.pedrosa,l'hospitalet de llobregat08908	Spain	100% Ordinary
Fabrisolia SLU	Polígono Industrial, Can Albareda, Calle C, Castellbisbal	Spain	100% Ordinary
Baxi Sistemas de Aquecimento, Unipessaol Lda	Campo Grande, 35 - 10ºD - Lisboa	Portugal	100% Ordinary

Baxi Overseas Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

16 Subsidiary undertakings (continued)

Company	Registered office	Country of incorporation	Class and percentage of shares held
BDR Thermea (Slovakia) s.r.o	Hroznová 2318, Trenčín, 911 05	Slovakia	90% Ordinary
Baxi Holding GmbH	August-Brötje-Strasse 17, 26180 Rastede	Germany	100% Ordinary
August Brötje Raumheizsysteme GmbH	August-Brötje-Strasse 1, 26689 Apen	Germany	100% Ordinary
August Brötje GmbH	August-Brötje-Strasse 17, 26180 Rastede	Germany	100% Ordinary
SenerTec Center Stuttgart GmbH	Carl-Zeiß-Str. 18, 97424 Schweinfurt	Germany	100% Ordinary
SenerTec Kraft-Wärme-Energiesysteme GmbH	Carl-Zeiß-Str. 18, 97424 Schweinfurt	Germany	100% Ordinary
Baxi Innotech GmbH	Ausschläger Elbdeich 127, 20539 Hamburg	Germany	100% Ordinary
Dextra Grundstücksverwaltungsgesellschaft mbH	August-Brötje-Strasse 17, 26180 Rastede	Germany	100% Ordinary
Brötje Heizung Kundendienst GmbH	August-Brötje-Strasse 15a, 26180 Rastede	Germany	100% Ordinary
Baymak Makina Sanayi ve Ticaret A.Ş.	Orhanlı Beldesi, Orta Mahalle Akdeniz Sokak No:8 Tepeören Mevkii Orhanlı/Tuzla/34959 ISTANBUL	Turkey	47.87% Ordinary
Baxi, Sistemas y Servicios de Climatización SLU	C/ serrano nº 40, 4º izqda madrid28001	Spain	100% Ordinary