

Baxi Finance Limited

Annual report and financial statements
for the year ended 31 December 2011

Registered number 4010580

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Baxi Finance Limited

Annual report and financial statements for the year ended 31 December 2011

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Baxi Finance Limited

Directors' report for the year ended 31 December 2011

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2011

Company registered number

The company registered number is 4010580

Principal activity and review of business

The company acts as an intermediate holding company. The company's loss after tax for the year is £3,840,000 (2010: £3,332,000 loss) as set out in the profit and loss account on page 8.

On 31 October 2011, BDR Thermea Group BV ("BDR") acquired its convertible loan notes from Brave B Lux S.A., which had previously given Brave B Lux S.A. approximately 40.01% of the economic rights in the group. Stichting Aandelen Remeha Foundation, a Dutch foundation now controls 100% of the combined group. The Dutch foundation holds its interest in BDR through a holding company called Remeha Group BV.

Future developments

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

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. For this reason, the company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of Baxi Finance Limited. 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 Finance Limited. The development, performance and position of Remeha Group BV, which includes the company, is discussed in the Group's annual report, which does not form part of this report.

Dividends

During the year, the company declared dividends of nil p (2010: nil p) per ordinary share amounting to £nil (2010: £nil). Dividends in kind of £349,444,000 (2010: £nil) was paid on the waiver of intercompany debt.

Baxi Finance Limited

Directors' report for the year ended 31 December 2011 (continued)

Directors

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

A E Darling	resigned 31 May 2012
P T Moss	appointed 26 March 2012
J McFaull	resigned 26 March 2012
R L Nash	resigned 26 March 2012
J F Zwiers	appointed 31 May 2012

Going concern

The financial statements have been prepared on a going concern basis (notwithstanding net current liabilities of £931,365,000 (2010 net current liabilities £576,013,000)) which the directors believe to be appropriate. An intermediate holding company Baxi Holdings Limited has given an undertaking to support the company over the next twelve months and for the foreseeable future.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards 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.

Baxi Finance Limited

Directors' report for the year ended 31 December 2011 (continued)

Statement of disclosure of information to auditor

In the case of each director in office at the date the directors' report is approved, the following applies

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

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

Independent auditor

Deloitte 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 auditor in the absence of an Annual General Meeting

On behalf of the Board



P T Moss
Director
14 August 2012

Independent auditor's report to the members of Baxi Finance Limited

We have audited the financial statements of Baxi Finance Limited for the year ended 31 December 2011 which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

David Hall, FCA

David Hall FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, United Kingdom

Date 14 August 2012

Baxi Finance Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Other operating (losses) income		(487)	200
Provision against group loan		-	(6,174)
Operating loss	2	-	(5,971)
Income from shares in group undertakings	3	3,971	-
Interest receivable and similar income	4	24,243	43,753
Interest payable and similar charges	5	(34,380)	(36,924)
(Loss)/profit on ordinary activities before tax		(6,655)	858
Tax on (loss)/profit on ordinary activities	6	2,815	(4,190)
Loss for the financial year	12	(3,840)	(3,332)

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 total recognised gains and losses has been presented

Baxi Finance Limited

Balance sheet as at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Investments	7	934,888	932,820
Current assets			
Debtors	8	334,469	709,340
Cash at bank and in hand		11,963	17,269
		346,432	723,609
Creditors: amounts falling due within one year	9	(1,277,797)	(1,302,622)
Net current liabilities		(931,365)	(576,013)
Net assets		3,523	356,807
Capital and reserves			
Called up share capital	11	-	10,000
Other capital reserves	12	-	339,418
Profit and loss account	12	3,523	7,389
Total shareholders' funds	13	3,523	356,807

The financial statements of Baxi Finance Limited, registered number 4010580, were approved by the Board of Directors and authorised for issue on 14 August 2012. They were signed on its behalf by



P T Moss
Director

Baxi Finance Limited

Notes to the financial statements for the year ended 31 December 2011

1 Principal accounting policies

The financial statements have been prepared on the going concern basis and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below and have been applied consistently throughout the year and preceding year.

Going concern

The financial statements have been prepared on a going concern basis (notwithstanding net current liabilities of £931,365,000 (2010 net current liabilities £576,013,000)) which the directors believe to be appropriate. An intermediate holding company Baxi Holdings Limited has given an undertaking to support the company over the next twelve months and for the foreseeable future.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Transactions with other group companies have not been disclosed as permitted by FRS 8, 'Related Party Disclosures'.

The company is itself a subsidiary company, and as such is exempt from the requirement to prepare group accounts by virtue of s400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about the group.

Cash flow statement

The company is a wholly owned subsidiary of Remeha Group BV as at 31 December 2011 which publishes a consolidated cash flow statement. Consequently the company is exempt under the terms of FRS 1 (revised 1996), 'Cash Flow Statements' from publishing a cash flow statement.

Foreign currencies

Monetary assets and liabilities denominated in overseas currencies are translated into sterling at the rate ruling at the balance sheet date unless hedged, and the gain or loss taken to the profit and loss account. Exchange differences arising in respect of revenue transactions are taken to the profit and loss account in the period in which they arose.

Current and deferred tax

Corporation tax payable is provided on taxable profits at the current rate.

Full provision is made for the tax liability on all timing differences in accordance with FRS 19, 'Deferred Tax'. A deferred tax asset is only recognised where transactions or events that have occurred before the balance sheet date give the company the right to pay less tax in future, and it is considered to be more likely than not that the asset will be recovered. Deferred tax balances are not discounted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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Notes to the financial statements for the year ended 31 December 2011 (continued)

1 Principal accounting policies (continued)

Investments

Fixed assets investments are held at cost less any provision for permanent diminution in value

Dividends

Dividends are recognised on a paid basis

2 Supplementary profit and loss information

None of the directors received any emoluments for their services to the company during the year (2010 £nil)

There were no employees during the year (2010 none)

Audit fees are borne by a fellow group company in both the current and prior year

3 Income from shares in group undertakings

	2011	2010
	£'000	£'000
Dividends receivable	3,971	-

4 Interest receivable and similar income

	2011	2010
	£'000	£'000
Group interest receivable	24,242	43,753

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Notes to the financial statements for the year ended 31 December 2011 (continued)

5 Interest payable and similar charges

	2011	2010
	£'000	£'000
Group interest payable	34,008	35,752
Interest payable and similar charges on bank loans and overdrafts	372	1,172
	34,380	36,924

6 Tax on (loss)/profit on ordinary activities

	2011	2010
	£'000	£'000
Current tax		
UK corporation tax at 26.5% (2010: 28%) – current year	(2,815)	1,967
Adjustment in respect of prior year	-	1,012
	(2,815)	2,979
Deferred tax		
Adjustment in respect of prior years	-	1,211
Tax on profit on ordinary activities	(2,815)	4,190

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Notes to the financial statements for the year ended 31 December 2011 (continued)

6 Tax on (loss)/profit on ordinary activities (continued)

The tax charge for the year is higher (2010 lower) than the standard rate of corporation tax in the UK of 26.5% (2010 28%). The differences are stated below

	2011	2010
	£'000	£'000
(Loss)/profit on ordinary activities before tax	(6,655)	858
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 28%)	(1,763)	240
Effects of		
Dividends receivable	(1,052)	-
Expenses not deductible for tax purposes	-	1,727
Adjustment in respect of prior year	-	1,012
Current tax (credit)/charge for the year	(2,815)	2,979

The future expected rate of tax is expected to be in line with the standard rate of corporation tax in the UK

7 Investments

	Shares in group undertakings
	£'000
Cost at 1 January 2011	932,820
Additions	2,068
Net book value at 31 December 2011	934,888
Net book value at 31 December 2010	932,820

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Notes to the financial statements for the year ended 31 December 2011 (continued)

7 Investments (continued)

The company held the entire ordinary share capital of the following companies, both of which are incorporated in Great Britain

Company	Principal activity
Heatrae Electrical Limited	Intermediate holding company
Baxi Global Limited	Intermediate holding company

8 Debtors

	2011	2010
	£'000	£'000
Amounts falling due within one year:		
Amounts owed by group undertakings	334,469	709,340
	334,469	709,340

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

9 Creditors: amounts falling due within one year

	2011	2010
	£'000	£'000
Amounts owed to group undertakings	1,277,633	1,278,496
Amounts owed to related companies (note 15)	-	21,147
Group relief payable	164	2,979
	1,277,797	1,302,622

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.

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Notes to the financial statements for the year ended 31 December 2011 (continued)

10 Deferred tax

	2011	2010
	£'000	£'000
At 1 January	-	1,211
Charged to the profit and loss account (note 6)	-	(1,211)
At 31 December	-	-

The future expected rate of tax is expected to be in line with the standard rate of corporation tax in the UK

11 Called up share capital

	2011	2010
	£'000	£'000
Allotted, called up and fully paid		
100 ordinary shares of £0 01 each	-	10,000

During the year a restructuring of the Company's capital reserves took place as part of the UK Group's ongoing corporate simplification process

On 8 April 2011 a bonus issue of 339,417,918 shares was made out of the Company's other capital reserves at a nominal value of £1 each. On the same day and immediately following this, a capital reduction was undertaken, reducing the Company's total issued share capital from £349,417,918 divided into 349,417,918 ordinary shares of £1 each to £3,494,179 divided into 349,417,918 ordinary shares of £0 01 each.

On 12 December 2011, a further capital reduction was undertaken to further reduce the Company's total issued share capital from £3,494,179 divided into 349,417,918 ordinary shares of £0 01 each to £1 divided into 100 ordinary shares of £0 01 each.

The subsequent reserves that were created were credited to the accumulated Profit and Loss Account.

Under the Companies Act 2006 it is no longer a requirement for a company to have an authorised share capital and this exemption was adopted by the Company during the year. In 2010 the authorised share capital was 10,000,000.

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Notes to the financial statements for the year ended 31 December 2011 (continued)

12 Reserves

	Other capital reserves	Profit and loss account
	£'000	£'000
At 1 January 2011	339,418	7,389
Bonus issue	(339,418)	-
Capital reductions	-	349,418
Loss for the financial year	-	(3,840)
Dividend in kind on waiver of intercompany debt	-	(349,444)
At 31 December 2011	-	3,523

During the year the company waived intercompany debt of £354,111,000. Subsequent to the year end it was determined that of this amount, £4,667,000 had been waived out of reserves that were not distributable. To remedy this, the waiver was reduced by £4,667,000 to £349,444,000, which has been reflected in the current year.

13 Reconciliation of movement in shareholders' funds

	2011	2010
	£'000	£'000
Loss for the financial year	(3,840)	(3,332)
Dividend in kind on waiver of intercompany debt	(349,444)	-
Net movement in shareholders' funds	(353,284)	(3,332)
Opening shareholders' funds	356,807	360,139
Closing shareholders' funds	3,523	356,807

During the year, the company declared dividends of nil p (2010: nil p) per ordinary share amounting to £nil (2010: £nil).

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 2011, the contingent liability was £476.5 million (2010: £391.2 million), being the net amount drawn down under the facility.

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Notes to the financial statements for the year ended 31 December 2011 (continued)

15 Related party disclosures

During 2010 the Company received a loan from BDR Thermea Group BV of €19,230,000 (£16,569,000) on which interest accrues at 3%. The amount outstanding at 31 December 2010 was €24,544,000. The amounts relating to 2011 have not been disclosed as permitted by FRS 8, 'Related Party Disclosures'.

16 Ultimate parent company and controlling party

At 31 December 2011, the company is a wholly owned subsidiary of GHP Midco Limited, a company incorporated in Great Britain.

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 accounts are available from Chamber of Commerce, Apeldoorn, Stationsstraat 80, The Netherlands.