

SIGN AND RETURN
COMPANIES HOUSE

COMPANY REGISTRATION NUMBER 367875

BAXI PARTNERSHIP LIMITED
ABBREVIATED ACCOUNTS
31 DECEMBER 2004



ALEXANDER MARSHALL
Chartered Accountants & Registered Auditors
84 Hamilton Road
Motherwell
ML1 3BY

BAXI PARTNERSHIP LIMITED
ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2004

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BAXI PARTNERSHIP LIMITED
INDEPENDENT AUDITORS' REPORT TO THE COMPANY
PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 6, together with the financial statements of the company for the year ended 31 December 2004 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 2 to 6 are properly prepared in accordance with those provisions.

84 Hamilton Road
Motherwell
ML1 3BY

28 April 2005

Alexander Marshall

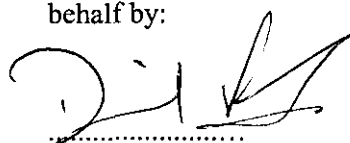
ALEXANDER MARSHALL
Chartered Accountants
& Registered Auditors

BAXI PARTNERSHIP LIMITED
ABBREVIATED BALANCE SHEET
31 DECEMBER 2004

	Note	2004 £	2003 £
FIXED ASSETS	2		
Tangible assets		2,114	3,826
Investments		8,767,502	8,081,502
		<u>8,769,616</u>	<u>8,085,328</u>
CURRENT ASSETS			
Debtors		144,212	158,433
Cash at bank and in hand		11,423,137	11,645,153
		<u>11,567,349</u>	<u>11,803,586</u>
CREDITORS: Amounts falling due within one year	3	<u>553,770</u>	<u>499,354</u>
NET CURRENT ASSETS		<u>11,013,579</u>	<u>11,304,232</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>19,783,195</u>	<u>19,389,560</u>
PROVISIONS FOR LIABILITIES AND CHARGES		-	150,000
		<u>19,783,195</u>	<u>19,239,560</u>
CAPITAL AND RESERVES			
Called-up share capital	5	929,593	929,593
Share premium account		3,566,094	3,566,094
Other reserves		101,400	101,400
Profit and loss account		15,186,108	14,642,473
SHAREHOLDERS' FUNDS		<u>19,783,195</u>	<u>19,239,560</u>

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on 21.4.05 and are signed on their behalf by:



 DAVID ERDAL

The notes on pages 3 to 6 form part of these abbreviated accounts.

BAXI PARTNERSHIP LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

The main objective of Baxi Partnership Limited is to help the employees of each investment buy their company.

The constitution of the trust which owns Baxi Partnership Limited requires that the Board of the investment can be controlled to ensure that the employees within the investee companies are beneficiaries of the Baxi Partnership Trust. However, in general the company's equity stake is not held with a view to directing the operating and financial policies of these investments. Accordingly the directors consider that treating these as subsidiaries or associates for accounting purposes would not give a true and fair view.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced for services during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office furniture	- 25% straight line
Office equipment	- 25% straight line

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

BAXI PARTNERSHIP LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Investments

Investments are stated at cost less provision for diminution in value. Investment and interest income receivable on or before the year end are treated as revenue. Unfranked investment income is stated on the basis of gross receipts before deduction of income tax.

Grants

Government grants received in respect of capital expenditure are credited against the cost of the asset in the year of acquisition. Grants received in respect of revenue expenditure or assets which cannot be specifically identified are credited to revenue in the period to which the expenditure relates.

BAXI PARTNERSHIP LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2004

2. FIXED ASSETS

	Tangible Assets £	Loans & Investments £	Total £
COST			
At 1 January 2004	6,852	9,910,058	9,916,910
Additions	–	916,000	916,000
Disposals/repayments	–	(230,000)	(230,000)
At 31 December 2004	<u>6,852</u>	<u>10,596,058</u>	<u>10,602,910</u>
DEPRECIATION AND AMOUNTS WRITTEN OFF			
At 1 January 2004	3,026	1,828,556	1,831,582
Charge for year	1,712	–	1,712
At 31 December 2004	<u>4,738</u>	<u>1,828,556</u>	<u>1,833,294</u>
NET BOOK VALUE			
At 31 December 2004	<u>2,114</u>	<u>8,767,502</u>	<u>8,769,616</u>
At 31 December 2003	<u>3,826</u>	<u>8,081,502</u>	<u>8,085,328</u>

Material holdings in unlisted investments:

	Country of Incorporation	Principal activity	Class and percentage of shares held
Woollard and Henry Holdings Ltd	Scotland	Manufacturing	50% ordinary £1 shares
UBH International Limited	England	Manufacturing	50% ordinary £1 shares
Learning IT Limited	Scotland	Service	50% ordinary £1 shares

During the previous year the company purchased 50% of the ordinary shares of Learning IT Limited. Under the terms of the investment agreement only part of the consideration was paid at the agreement completion date. The deferred consideration is linked to target profits and the maximum amount payable is £587,500, the target profits must be achieved by 31 March 2013. No provision has been made at 31 December 2004 for the deferred consideration since it is not known at this time what the amount payable, if any, will be.

3. CREDITORS: Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2004 £	2003 £
Bank loans and overdrafts	<u>460,748</u>	<u>439,311</u>

BAXI PARTNERSHIP LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2004

4. RELATED PARTY TRANSACTIONS

The directors Cairns Campbell, David Erdal, Nigel Mason and John Alexander control the day-to-day operations of the company. The directors do not own any shares in the company as detailed in the Directors' Report. Cairns Campbell is also a Trustee.

The Trustees are the ultimate controlling party of the company.

Baxi Partnership Limited acts as guarantor of a bank loan to one of the Employee Share Ownership Trusts. The loan facility available to this trust is £2.0M (2002:£2.0M). It's borrowings at 31 December 2004 were £460,748 (2003:£439,311). The bank borrowings are included within creditors falling due within one year.

5. SHARE CAPITAL

Authorised share capital:

	2004	2003
	£	£
7,500,000 Ordinary shares of £0.10 each	750,000	750,000
450,000 Preference shares of £1 each	450,000	450,000
	<u>1,200,000</u>	<u>1,200,000</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £0.10 each	4,795,930	479,593	4,795,930	479,593
Preference shares of £1 each	450,000	450,000	450,000	450,000
	<u>5,245,930</u>	<u>929,593</u>	<u>5,245,930</u>	<u>929,593</u>

The preference shares are irredeemable, carry no rights to a dividend, to vote or to participate in any surplus on winding up.