

Baxi Partnership Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2019

Alexander Marshall
Chartered Accountants & Registered Auditors
84 Hamilton Road
Motherwell
Lanarkshire
ML1 3BY

Baxi Partnership Limited

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Baxi Partnership Limited

Company Information

| | |
|--------------------------|---|
| Directors | J G Alexander E S Hall |
| Registered office | Runway East Offices 20 St Thomas Street London SE1 9RS |
| Solicitors | Wright, Johnston & Mackenzie LLP 302 St Vincent St Glasgow G2 5RZ |
| Auditors | Alexander Marshall Chartered Accountants & Registered Auditors 84 Hamilton Road Motherwell Lanarkshire ML1 3BY |

Baxi Partnership Limited
(Registration number: 367875)
Balance Sheet as at 31 December 2019

| | Note | 2019 £ | 2018 £ |
|--|----------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | <u>4</u> | - | 40 |
| Investment property | <u>5</u> | 2,321,407 | 170,000 |
| Investments | <u>6</u> | 500,005 | 1,021,267 |
| Other financial assets | <u>7</u> | 3,714,630 | 3,727,900 |
| | | <u>6,536,042</u> | <u>4,919,207</u> |
| Current assets | | | |
| Debtors | <u>8</u> | 25,500 | 161,533 |
| Cash at bank and in hand | | 1,388,822 | 1,865,939 |
| | | 1,414,322 | 2,027,472 |
| Creditors: Amounts falling due within one year | <u>9</u> | <u>(40,027)</u> | <u>(64,766)</u> |
| Net current assets | | <u>1,374,295</u> | <u>1,962,706</u> |
| Total assets less current liabilities | | 7,910,337 | 6,881,913 |
| Creditors: Amounts falling due after more than one year | <u>9</u> | <u>(16,778)</u> | <u>(16,778)</u> |
| Net assets | | <u><u>7,893,559</u></u> | <u><u>6,865,135</u></u> |
| Capital and reserves | | | |
| Called up share capital | | 914,870 | 914,870 |
| Share premium reserve | | 3,566,094 | 3,566,094 |
| Capital redemption reserve | | 116,122 | 116,122 |
| Revaluation reserve | | (300,001) | (300,001) |
| Profit and loss account | | 3,596,474 | 2,568,050 |
| Total equity | | <u><u>7,893,559</u></u> | <u><u>6,865,135</u></u> |

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 30 May 2020 and signed on its behalf by:

J G Alexander

Director

The notes on pages 3 to 11 form an integral part of these financial statements.

Baxi Partnership Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital incorporated in the United Kingdom and registered in England. The company registration number is 367875.

The address of its registered office is:

Runway East Offices
20 St Thomas Street
London
SE1 9RS

These financial statements were authorised for issue by the Board on 30 May 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements have been presented in Sterling, which is the company's functional currency. All financial information is presented in Sterling and has been rounded to the nearest pound.

Audit report

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 3 June 2020 was Mr David Marshall, who signed for and on behalf of Alexander Marshall.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Baxi Partnership Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

| Asset class | Depreciation method and rate |
|-------------------------------|-------------------------------------|
| Office and computer equipment | 25%/33.33% straight line |

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by the directors. Where the directors note significant or unexpected variations in current market prices for comparable real estate or where there is no comparable real estate they will use external valuers to arrive at fair value. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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Notes to the Financial Statements for the Year Ended 31 December 2019

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Share based payments

The company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 1 (2018 - 1).

Baxi Partnership Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

4 Tangible assets

| | Furniture, fittings and equipment £ | Total £ |
|--------------------------|--|------------|
| Cost or valuation | | |
| At 1 January 2019 | 4,444 | 4,444 |
| Disposals | (2,945) | (2,945) |
| At 31 December 2019 | 1,499 | 1,499 |
| Depreciation | | |
| At 1 January 2019 | 4,404 | 4,404 |
| Charge for the year | 9 | 9 |
| Eliminated on disposal | (2,914) | (2,914) |
| At 31 December 2019 | 1,499 | 1,499 |
| Carrying amount | | |
| At 31 December 2019 | - | - |
| At 31 December 2018 | 40 | 40 |

5 Investment properties

| | 2019 £ |
|----------------|-----------|
| At 1 January | 170,000 |
| Additions | 2,151,407 |
| At 31 December | 2,321,407 |

Investment properties are valued by independent valuers prior to acquisition and are initially recorded at cost. The directors review transactions for similar properties in the areas local to the properties owned and amend fair value on the basis of the trends identified. Where there are significant changes in the surrounding property markets the directors would employ the services of independent valuers to ascertain the appropriate fair values for the properties owned. In the directors opinion no adjustment is required to the values of the properties owned.

6 Investments

| | 2019 £ | 2018 £ |
|-----------------------------|-----------|-----------|
| Investments in subsidiaries | 500,005 | 500,005 |
| Investments in associates | - | 521,262 |
| | 500,005 | 1,021,267 |

Baxi Partnership Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

| | |
|--------------------------|-----------------------|
| Subsidiaries | £ |
| Cost or valuation | |
| At 1 January 2019 | 800,006 |
| Provision | |
| At 1 January 2019 | <u>300,001</u> |
| Carrying amount | |
| At 31 December 2019 | <u><u>500,005</u></u> |
| At 31 December 2018 | <u><u>500,005</u></u> |
| Associates | £ |
| Cost | |
| At 1 January 2019 | 1,859,608 |
| Additions | 400,000 |
| Disposals | <u>(2,021,512)</u> |
| At 31 December 2019 | <u>238,096</u> |
| Provision | |
| At 1 January 2019 | 1,338,346 |
| Eliminated on disposals | <u>(1,100,250)</u> |
| At 31 December 2019 | <u>238,096</u> |
| Carrying amount | |
| At 31 December 2019 | <u><u>-</u></u> |
| At 31 December 2018 | <u><u>521,262</u></u> |

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

| Undertaking | Registered office | Holding | Proportion of voting rights and shares held | |
|-----------------------------------|-------------------|--------------------|---|------|
| | | | 2019 | 2018 |
| Subsidiary undertakings | | | | |
| Partnership Trustee Limited | England | Ordinary £1 shares | 100% | 100% |
| Partnership Directors Limited | | Ordinary £1 shares | 100% | 100% |
| | Scotland | | | |
| Baxi Partnership Advisory Limited | | Ordinary £1 shares | 100% | 100% |

Baxi Partnership Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

| | | | | |
|--------------------------------------|----------|-----------------------|------|-------|
| Baxendale Advisory Limited | | Ordinary £1 shares | 100% | 100% |
| | England | | | |
| Baxendale Limited | | Ordinary £1 shares | 100% | 100% |
| | Scotland | | | |
| Ownership Capital Limited | | Ordinary £1 shares | 100% | 100% |
| | Scotland | | | |
| Baxendale Employee Ownership Limited | | Ordinary £1 shares | 100% | 0% |
| | England | | | |
| Associates | | | | |
| Neighbourhood Midwives Limited | | Ordinary £0.01 shares | 0% | 20% |
| | England | | | |
| UBH International Limited | | Ordinary £1 shares | 0% | 56.6% |
| | England | | | |

The principal activity of Partnership Trustee Limited is dormant.

The principal activity of Partnership Directors Limited is dormant.

The principal activity of Baxi Partnership Advisory Limited is dormant.

The principal activity of Baxendale Advisory Limited is consultancy.

The principal activity of Baxendale Limited is dormant.

The principal activity of Ownership Capital Limited is dormant.

The principal activity of Baxendale Employee Ownership Limited is dormant. The company was incorporated on 2 December 2019.

The principal activity of Neighbourhood Midwives Limited is midwifery. The company ceased to trade in January 2019 and a liquidator was appointed in February 2019. The investment has been written off as there is no prospect of recovering any value.

The principal activity of UBH International Limited is design and manufacture of transport tanks, tank containers and pressure vessels. The investment was sold during the year.

Baxi Partnership Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

7 Other financial assets (current and non-current)

| | Financial assets at fair value through profit and loss £ | Total £ |
|-------------------------------------|--|------------|
| Non-current financial assets | | |
| Cost or valuation | | |
| At 1 January 2019 | 3,742,899 | 3,742,899 |
| Additions | 737,837 | 737,837 |
| Disposals | (751,106) | (751,106) |
| At 31 December 2019 | 3,729,630 | 3,729,630 |
| Impairment | | |
| At 1 January 2019 | 15,000 | 15,000 |
| At 31 December 2019 | 15,000 | 15,000 |
| Carrying amount | | |
| At 31 December 2019 | 3,714,630 | 3,714,630 |

8 Debtors

| | Note | 2019 £ | 2018 £ |
|---------------------------------------|-----------|-----------|-----------|
| Trade debtors | | 24,000 | 100 |
| Amounts owed by related parties | <u>11</u> | - | 152,393 |
| Other debtors | | 301 | - |
| Prepayments | | 574 | 9,040 |
| Accrued income | | 625 | - |
| Total current trade and other debtors | | 25,500 | 161,533 |

Baxi Partnership Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

9 Creditors

Creditors: amounts falling due within one year

| | Note | 2019 £ | 2018 £ |
|---|-----------|---------------|---------------|
| Due within one year | | | |
| Trade creditors | | 84 | 119 |
| Amounts owed to group undertakings and undertakings in which the company has a participating interest | <u>11</u> | 3,471 | - |
| Taxation and social security | | 122 | 1,272 |
| Accruals and deferred income | | 36,049 | 13,375 |
| Other creditors | | 301 | 50,000 |
| | | <u>40,027</u> | <u>64,766</u> |

Creditors: amounts falling due after more than one year

| | 2019 £ | 2018 £ |
|---|---------------|---------------|
| Due after one year | | |
| Other non-current financial liabilities | <u>16,778</u> | <u>16,778</u> |

10 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

The total amount of contingencies not included in the balance sheet is £718,994 (2018 - £Nil). The company has deposited £1,000,000 with HSBC as security for warranties given by its former associate company, UBH International Limited, to one of its customers. The warranties last for 24 months and expire progressively from August 2019 to July 2020. The value of warranties outstanding at the Balance Sheet date was £718,994 and at the date of signing the Balance Sheet had reduced to £191,709. As no claims or intimation of claims have been received in respect of any of the warranties, the directors are confident that no claims will arise on the remaining warranties.

11 Related party transactions

Summary of transactions with subsidiaries

Baxendale Advisory Limited

Expenses were paid by the parent on behalf of the subsidiary and are recharged at cost.

The subsidiary provides services to the parent company on a commercial basis.

Invoices are payable within 30 days.

Summary of transactions with associates

Associates - the investments in and loans to associated companies have been realised or written off as irrecoverable during the financial year.

Baxi Partnership Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Income and receivables from related parties

| | Subsidiary £ |
|---------------------------------------|-----------------------------|
| 2019 | |
| Amounts receivable from related party | 3,471 |
| | <u>3,471</u> |
| | Joint ventures £ |
| 2018 | |
| Receipt of services | 5,736 |
| | <u>5,736</u> |

Expenditure with and payables to related parties

| | Subsidiary £ |
|----------------------------------|-----------------|
| 2018 | |
| Amounts payable to related party | 1,682 |
| | <u>1,682</u> |

Loans to related parties

| | Subsidiary £ | Associates £ |
|------------------------------|-------------------------|-------------------------|
| 2019 | | |
| At start of period | 150,711 | 521,262 |
| Repaid | (150,711) | (111,208) |
| | <u>-</u> | <u>410,054</u> |
| At end of period | - | 410,054 |
| Provision for doubtful debts | - | 200,000 |
| | <u>-</u> | <u>200,000</u> |
| | Subsidiary £ | Associates £ |
| 2018 | | |
| At start of period | 632,903 | 228,262 |
| Advanced | - | 300,000 |
| Repaid | (482,192) | (7,000) |
| | <u>150,711</u> | <u>521,262</u> |
| At end of period | 150,711 | 521,262 |
| | <u>150,711</u> | <u>521,262</u> |

Terms of loans to related parties

Subsidiaries - loans to subsidiaries have been repaid and interest was not charged.

Associates - formal agreements are prepared for loans to associate companies and interest is charged at commercial rates.

12 APB Ethical Standards

In common with many other business of our size and nature, we use our auditors to provide payroll services, prepare and submit tax returns to tax authorities and assist with the preparation of the statutory financial statements.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.