

BAXI PARTNERSHIP LIMITED	
COMPANIES HOUSE	
15 JAN <u>ACCOUNTS AS AT</u>	
IN	30 ⁷⁸ MARCH 1991

367875

Company Number 367875

BAXI PARTNERSHIP LIMITED

REPORT OF THE DIRECTORS

The directors submit for consideration at the Annual General Meeting on 6 July 1991 their annual report and statement of accounts.

BUSINESS REVIEW

The principal activities of the group comprise the development, manufacture and marketing of:

- gas-fired domestic heating appliances (central heating boilers, gas fires, wall heaters) and solid fuel fires.
- heating, ventilation, and air handling systems for commercial and industrial applications.

The group will continue to pursue profitable expansion of its core business and to seek additional growth opportunities which will exploit its core competences.

The group turnover is set out in note 2 to the accounts. The Profit and Loss account of the group is summarised as follows:

	<u>1991</u> £000
Turnover	<u>73,971</u>
Profit before profit sharing	13,389
Profit sharing	<u>2,318</u>
Profit before taxation	11,071
Taxation	<u>3,903</u>
Profit for the financial year	7,168
Retained profit brought forward	43,916
Transfer from Reserves	601
	<hr/>
Retained profit carried forward	<u>51,685</u>

DIVIDENDS

The directors do not propose to recommend the payment of a dividend.

BAXI PARTNERSHIP LIMITED

REPORT OF THE DIRECTORS

(continued)

DEVELOPMENT & ENGINEERING

It is the group's intention to expand its programme of research and development towards the improvement of manufacturing efficiency, the introduction of technologically innovative and advanced products and the adoption of new technology.

DIRECTORS

The directors of the company during the year were as follows:

D W Dry
S N Carter
M Crouch (resigned 30 November 1990)
J Dutfield
J M Hudson
R M Naylor (resigned 30 November 1990)

In accordance with the Articles of Association Mr S N Carter retires by rotation and being eligible offers himself for re-election.

The share interests of the directors at 30 March 1991 were as follows:

Ordinary Shares of 10p each

	<u>1991</u>		<u>1990</u>	
	<u>Actual</u>	<u>Beneficial</u>	<u>Actual</u>	<u>Beneficial</u>
D W Dry	-	-	-	-
S N Carter	-	201	-	-
J Dutfield	737	1,062	398	1,200
J M Hudson	591	1,062	327	1,125

FIXED ASSETS

The movements during the period are set out in Note 8 to the accounts.

BAXI PARTNERSHIP LIMITED

REPORT OF THE DIRECTORS

(continued)

EMPLOYEES

The group places considerable emphasis on employee involvement, as evidenced by the fact that, after a qualifying period, all employees become shareholders in the company.

The average number of employees during the year was 1,122 (1990: 1,253) and their aggregate remuneration £21,496,776 (1990: £21,134,000).

PROFIT SHARING

The company operates an approved profit sharing share scheme for the Group under the Finance Act 1978. The Profit and Loss Account includes a total profit sharing allocation of £2,317,910 (1990: £1,390,777).

In keeping with the Group's objective of wider share ownership, on 1 May 1991 the Inland Revenue gave approval in principle to an enhancement of the current scheme which will give employees a further opportunity to increase their participation in the company.

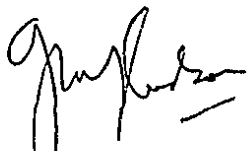
DISABLED PERSONS

Disabled persons are employed and trained whenever their aptitudes and abilities allow and suitable vacancies are available. Where an employee becomes disabled an attempt is made to continue his or her employment and to arrange appropriate retraining or transfer if necessary.

AUDITORS

In accordance with Section 385 of the Companies Act 1985 a resolution for the re-appointment of KPMG Peat Marwick McLintock as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



J M HUDSON
Secretary

7 May 1991

REPORT OF THE AUDITORS KPMG PEAT MARWICK McLINTOCK

TO THE MEMBERS OF

BAXI PARTNERSHIP LIMITED

We have audited the accounts on Pages 5 to 22 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 30 March 1991 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act, 1985.

KPMG Peat Marwick McLintock

CHARTERED ACCOUNTANTS

PRESTON
7 May 1991

BAXI PARTNERSHIP LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 MARCH 1991

	Note	1991 £000	1990 £000
TURNOVER	2	73,971	72,486
Cost of sales		<u>44,327</u>	<u>44,839</u>
GROSS PROFIT		29,644	27,647
Distribution & selling expenses		4,259	5,781
Administrative expenses		<u>16,636</u>	<u>16,716</u>
		20,895	22,497
		8,749	5,150
Interest receivable and similar income		4,685	3,396
Interest payable and similar charges	3	<u>(45)</u>	<u>(59)</u>
		<u>4,640</u>	<u>3,337</u>
PROFIT BEFORE PROFIT SHARING		13,389	8,487
Profit sharing		<u>2,318</u>	<u>1,391</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	11,071	7,096
Tax on profit on ordinary activities	7	<u>3,903</u>	<u>2,712</u>
PROFIT FOR THE FINANCIAL YEAR		7,168	4,384
		—	—
RETAINED PROFIT FOR THE FINANCIAL YEAR	16	<u>7,168</u>	<u>4,384</u>

The notes on pages 9 to 22 form part of these accounts.

BAXI PARTNERSHIP LIMITED

CONSOLIDATED BALANCE SHEET AT 30 MARCH 1991

	Note	1991 £000	1990 £000
FIXED ASSETS			
Tangible assets	1c, 1d & 8	21,271	22,809
CURRENT ASSETS			
Stocks	1f & 10	9,422	7,480
Debtors	11	14,623	15,781
Investments	12	27,301	17,926
Cash at bank and in hand		<u>8,148</u>	<u>6,267</u>
		59,494	47,454
CREDITORS: Amounts falling due within one year	13	(15,560)	(12,571)
NET CURRENT ASSETS		<u>43,934</u>	<u>34,883</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		65,205	57,692
CREDITORS: Amounts falling due after more than one year	13	(302)	(353)
PROVISIONS FOR LIABILITIES AND CHARGES	1j & 14	(1,905)	(2,245)
DEFERRED CREDIT FOR GRANTS	1e	<u>(141)</u>	<u>(160)</u>
NET ASSETS		<u>62,857</u>	<u>54,934</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,014	1,004
Share premium account	16	3,006	2,736
Revaluation reserve	16	7,152	7,278
Profit and loss account	16	<u>51,685</u>	<u>43,916</u>
		<u>62,857</u>	<u>54,934</u>

These accounts were approved by the Board of Directors on 7 May 1991

D W Dry)
J M Hudson) Directors

David Dry
James Hudson

The notes on page 9 to 22 form part of these accounts.

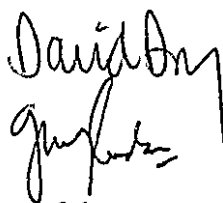
BAXI PARTNERSHIP LIMITED

BALANCE SHEET AT 30 MARCH 1991

	Note	1991 £000	1990 £000
FIXED ASSETS			
Tangible assets	1c,d & 8	20,049	21,841
Investments	9	<u>1,661</u>	<u>1,661</u>
		21,710	23,502
CURRENT ASSETS			
Stocks	1f & 10	9,102	7,181
Debtors	11	14,698	14,764
Investments	12	27,301	17,926
Cash at bank and in hand		<u>7,803</u>	<u>6,072</u>
		58,904	45,943
CREDITORS: Amounts falling due within one year	13	<u>(14,351)</u>	<u>(10,888)</u>
NET CURRENT ASSETS		<u>44,553</u>	<u>35,055</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		66,263	58,557
CREDITORS: Amounts falling due after more than one year	13	(300)	(350)
PROVISIONS FOR LIABILITIES AND CHARGES	1j & 14	(1,886)	(2,059)
DEFERRED CREDIT FOR GRANTS	1e	<u>(141)</u>	<u>(160)</u>
NET ASSETS		<u>63,936</u>	<u>55,988</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,014	1,004
Share premium account	16	3,006	2,736
Revaluation reserve	16	7,154	7,279
Profit and loss account	16	<u>52,762</u>	<u>44,969</u>
		<u>63,936</u>	<u>55,988</u>

These accounts were approved by the Board of Directors on 7 May 1991

D W Dry)
J M Hudson) Directors



The notes on pages 9 to 22 form part of these accounts.

BAXI PARTNERSHIP LIMITED

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30 MARCH 1991

	<u>1991</u>		<u>1990</u>	
	£000	£000	£000	£000
<u>SOURCE OF FUNDS</u>				
Profit on ordinary activities before taxation		11,071		7,096
Adjustments for items not involving the movement of funds :				
(Profit)/Loss on sale of tangible fixed assets	(90)		13	
Depreciation	3,858		3,239	
Government grants released to profit	<u>(19)</u>	<u>3,749</u>	<u>(20)</u>	<u>3,232</u>
FUNDS GENERATED FROM OPERATIONS		14,820		10,328
<u>FUNDS FROM OTHER SOURCES</u>				
Proceeds on sale of tangible fixed assets	273		168	
Net proceeds of issue of shares	<u>280</u>	<u>553</u>	<u>414</u>	<u>582</u>
		15,373		10,910
<u>APPLICATION OF FUNDS</u>				
Decrease in creditors due after more than one year	51		179	
Tax paid	2,602		3,072	
Purchase of tangible fixed assets	<u>2,028</u>	<u>(4,681)</u>	<u>1,040</u>	<u>(4,291)</u>
<u>INCREASE IN WORKING CAPITAL</u>		<u>10,692</u>		<u>6,619</u>
<u>COMPONENTS OF INCREASE IN WORKING CAPITAL</u>				
Stocks	1,942		(263)	
Debtors	(1,147)		2,219	
Creditors	(1,359)		(384)	
Investments	<u>9,375</u>	8,811	<u>1,991</u>	3,563
Movement in net liquid funds:				
Bank overdraft	-		220	-
Cash at bank and in hand	<u>1,881</u>	<u>1,881</u>	<u>2,836</u>	<u>3,056</u>
		<u>10,692</u>		<u>6,619</u>

The notes on pages 9 to 22 form part of these accounts.

BAXI PARTNERSHIP LIMITED

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's accounts.

(a) Basis of Accounting

The accounts have been prepared under the historical cost convention, as modified for the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

(b) Basis of Consolidation

The consolidated accounts include the accounts of the parent company and its subsidiaries for the year ended 30 March 1991.

Goodwill arising on consolidation is immediately written off to reserves.

Details of subsidiaries are given in note 20.

No separate profit and loss account is presented for the parent company as provided for by section 228 (7) of the Companies Act 1985.

(c) Fixed Assets

- (i) Land is stated at cost.
- (ii) Buildings are reviewed each year by the directors and revalued to their estimate of depreciated replacement cost or existing use value as considered appropriate.
- (iii) Plant and equipment are reviewed each year by the directors and revalued to their estimate of replacement cost.
- (iv) The revaluation surpluses are dealt with through the revaluation reserve, with adjustments for realised elements transferred between reserves.

(d) Depreciation

Depreciation is provided on all fixed assets other than land in order to write off the cost or depreciated replacement cost of the assets over the period of their expected lives.

(e) Government Grants

Government grants received are taken to a deferred credit for grants reserve which is released to profit and loss account over the expected useful life of the asset concerned.

(f) Stocks

Stocks and work in progress are valued at the lower of actual cost and net realisable value.

Cost is defined as expenditure incurred in bringing the stock to its present location and condition, and includes direct labour and material costs, together with those production overheads which are allocated to specific products.

BAXI PARTNERSHIP LIMITED

NOTES TO THE ACCOUNTS

PRINCIPAL ACCOUNTING POLICIES (Continued)

Net realisable value is the amount that items of stock and work in progress are expected to realise without creating either profit or loss in the year of sale.

(g) Repairs and Renewals

All repairs and renewals are written off as incurred.

(h) Research and Development

All research and development expenditure and patent costs are written off as incurred.

(i) Warranty Liability

Provision is made for the estimated liability on all products sold under warranty including claims already received. This provision is charged against trading profits and included in creditors.

(j) Deferred Taxation

Provision is made for future taxation on the liability method on the excess of the net book value of the plant and equipment over the corresponding written down value for taxation purposes.

No provision is made for the following items as the liability is unlikely to crystallise in the foreseeable future.

- a. the excess of net book value of land and buildings over the corresponding tax written down values.
- b. any possible capital gains tax liability arising on the disposal of fixed assets whose net book value is greater than the original cost.

(k) Leasing

Profit on leasing contracts is taken at monthly intervals during the period of the lease in proportion to the net cash investment in the lease after taking account of taxation and an assumed cost of funding. The format adopted for disclosure, whilst consistent with that adopted in previous years, departs from the requirements of S.S.A.P.21. In the opinion of the directors, this departure does not materially distort presentation of the accounts.

Where assets are acquired by finance leases or hire purchase contracts, the amount representing the outright purchase price of such assets is included in tangible fixed assets.

The capital element of future rentals is treated as a liability and the interest element is charged to profit and loss account over the period of the lease or contract.

BAXI PARTNERSHIP LIMITED

NOTES TO THE ACCOUNTS

(continued)

(I) Pensions

The group operates a contributory defined benefit pension scheme with regular pension costs assessed as a substantially level percentage of pensionable payroll and charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives. Actuarial surpluses and deficits result in variations from the regular pensions cost, and these are spread forward over the average expected remaining service lives of employees.

2. TURNOVER

Turnover represents amounts invoiced by the group in respect of goods and services, provided during the year excluding value added tax. An analysis of turnover by activity and geographical area is as follows:

<u>Activity</u>	<u>Geographical Area</u>	<u>1991</u> £000	<u>1990</u> £000
Domestic heating	- UK	64,378	63,260
	- Europe	3,847	1,894
Leasing	- UK	19	15
Industrial heating & ventilation	- UK	3,201	4,026
Air treatment equipment	- UK	2,246	3,291
	- Far East	280	-
		<u>73,971</u>	<u>72,486</u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1991</u> £000	<u>1990</u> £000
On other loans	40	46
On leased assets	-	1
Other interest	<u>5</u>	<u>12</u>
	<u>45</u>	<u>59</u>

4. STAFF NUMBERS AND COST

The average number of persons employed by the group (including Directors) during the year, was as follows:

	<u>1991</u> <u>No</u>	<u>1990</u> <u>No</u>
Production	923	1,043
Sales and administration	194	204
Directors	<u>5</u>	<u>6</u>
	<u>1,122</u>	<u>1,253</u>

BAXI PARTNERSHIP LIMITED

NOTES TO THE ACCOUNTS

(continued)

The aggregate payroll costs of these persons were as follows:

	<u>1991</u> £000	<u>1990</u> £000
Wages and salaries	19,145	18,739
Social security costs	1,432	1,430
Other pension costs	<u>920</u>	<u>965</u>
	<u>21,497</u>	<u>21,134</u>

5. **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The analysis of profit before taxation by activity is as follows:

	<u>1991</u> £000	<u>1990</u> £000
Domestic heating	11,100	6,540
Leasing	(106)	12
Industrial heating and ventilation	(54)	269
Air treatment equipment	<u>131</u>	<u>275</u>
	<u>11,071</u>	<u>7,096</u>

Profit on ordinary activities before taxation is stated after charging or (crediting) the following:

	<u>1991</u> £000	<u>1990</u> £000
Depreciation	3,858	3,239
Directors' emoluments (see note 6)	408	468
Directors' pension contributions	33	34
Directors' compensation for loss of office	138	-
Hire of plant and machinery	34	30
Auditor's remuneration	28	28
Aggregate lease rentals received	(372)	(296)
Exceptional item - Redundancy costs	<u>-</u>	<u>836</u>

The amount of profit after taxation for the financial year dealt with in the accounts of the parent company is £7,192,621 (1990: £4,024,427).

BAXI PARTNERSHIP LIMITED

NOTES TO THE ACCOUNTS

(continued)

6. EMOLUMENTS OF DIRECTORS

The emoluments, excluding pension contributions, of the Chief Executive who is also the highest paid director were as follows:

	<u>1991</u>	<u>1990</u>
	<u>£</u>	<u>£</u>
Salary, including taxable benefits	109,962	93,794
Profit sharing	<u>10,000</u>	<u>4,121</u>
	<u>119,962</u>	<u>97,915</u>

The emoluments of the other directors including profit sharing were within the following ranges:

<u>£</u>	<u>£</u>	<u>1991</u>	<u>1990</u>
		<u>No</u>	<u>No</u>
40,001 -	45,000	1	1
45,001 -	50,000	1	-
50,001 -	55,000	-	1
55,001 -	60,000	-	1
60,001 -	65,000	1	2
65,001 -	70,000	2	-
85,001 -	90,000	<u>-</u>	<u>1</u>

7. TAXATION

	<u>1991</u>	<u>1990</u>
	<u>£000</u>	<u>£000</u>
Taxation based on the profit for the year of the company and its subsidiaries:		
Corporation tax at 34% (1990: 35%)	4,201	2,518
Deferred taxation	<u>(345)</u>	<u>153</u>
	3,856	2,671
Prior year's under provision	<u>47</u>	<u>41</u>
	<u>3,903</u>	<u>2,712</u>

Of the total release of deferred taxation of £345,000, £115,000 is due to a change in the rate of corporation tax.

BAXI PARTNERSHIP LIMITED

NOTES TO THE ACCOUNTS

(continued)

8. TANGIBLE FIXED ASSETS

<u>GROUP</u>	<u>Freehold Land and Buildings</u> £000	<u>Plant and Equipment</u> £000	<u>Leased Assets</u> £000	<u>Total</u> £000
Cost or Valuation				
At 1 April 1990	11,926	24,417	4,834	41,177
Additions	695	1,333	-	2,028
Surplus on revaluation	6	469	-	475
Disposals	-	(782)	(2,781)	(3,563)
	<u>12,627</u>	<u>25,437</u>	<u>2,053</u>	<u>40,117</u>
At 30 March 1991				
Depreciation				
At 1 April 1990	2,182	11,883	4,303	18,368
Charged in the year	287	3,096	475	3,858
Disposals	-	(599)	(2,781)	(3,380)
	<u>2,469</u>	<u>14,380</u>	<u>1,997</u>	<u>18,846</u>
At 30 March 1991				
Net Book Value				
At 30 March 1991	<u>10,158</u>	<u>11,057</u>	<u>56</u>	<u>21,271</u>
At 31 March 1990	<u>9,744</u>	<u>12,534</u>	<u>531</u>	<u>22,809</u>

Included in the net book value of fixed assets of £21,271,000 (1990: £22,809,000) is an amount of £20,000 (1990: £36,000) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge for the year on these assets was £5,000 (1990: £11,000).

Included in freehold land and buildings is an amount of £683,394 (1990: £153,394) in respect of freehold land at cost.

Leased assets are stated at cost. If all other assets were stated under the historical cost convention, the comparable amounts for freehold land and buildings and plant and equipment would be:

	<u>1991</u> £000	<u>1990</u> £000
<u>Freehold Land and Buildings:</u>		
Cost	7,097	6,402
Accumulated depreciation	(1,494)	(1,342)
Net Book Value	<u>5,603</u>	<u>5,060</u>
<u>Plant & Equipment:</u>		
Cost	21,268	20,627
Accumulated depreciation	(11,709)	(9,609)
Net Book Value	<u>9,559</u>	<u>11,018</u>

BAXI PARTNERSHIP LIMITED

NOTES TO THE ACCOUNTS

(continued)

8. TANGIBLE FIXED ASSETS (Continued)

<u>COMPANY</u>	<u>Freehold Land and Buildings</u> £000	<u>Plant and Equipment</u> £000	<u>Total</u> £000
Cost or Valuation			
At 1 April 1990	11,636	23,898	35,534
Additions	-	1,192	1,192
Surplus on revaluation	6	469	475
Disposals	-	(705)	(705)
At 30 March 1991	<u>11,642</u>	<u>24,854</u>	<u>36,496</u>
Depreciation			
At 1 April 1990	2,150	11,543	13,693
Charged in the year	281	3,021	3,302
Disposals	-	(548)	(548)
At 30 March 1991	<u>2,431</u>	<u>14,016</u>	<u>16,447</u>
Net Book Value			
At 30 March 1991	<u>9,211</u>	<u>10,838</u>	<u>20,049</u>
At 31 March 1990	<u>9,486</u>	<u>12,355</u>	<u>21,841</u>

Included in freehold land and buildings is an amount of £153,394 (1990: £153,394) in respect of freehold land at cost.

If tangible fixed assets were stated under the historical cost convention, the comparable amounts would be:

	<u>1991</u> £000	<u>1990</u> £000
<u>Freehold Land and Buildings</u>		
Cost	6,111	6,111
Accumulated depreciation	(1,456)	(1,310)
	<u>4,655</u>	<u>4,801</u>
<u>Plant and Equipment</u>		
Cost	20,708	20,131
Accumulated depreciation	(11,367)	(9,290)
	<u>9,341</u>	<u>10,841</u>

BAXI PARTNERSHIP LIMITED

NOTES TO THE ACCOUNTS

(continued)

9. INVESTMENTS (HELD AS FIXED ASSETS)

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Shares in group companies	<u>-</u>	<u>-</u>	<u>1,661</u>	<u>1,661</u>

10. STOCKS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Raw materials and consumables	591	1,171	305	1,007
Work in progress	3,552	3,169	3,518	3,034
Finished goods & goods for resale	<u>5,279</u>	<u>3,140</u>	<u>5,279</u>	<u>3,140</u>
	<u>9,422</u>	<u>7,480</u>	<u>9,102</u>	<u>7,181</u>

11. DEBTORS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Trade debtors	12,671	14,508	11,269	12,619
Amounts owed by group companies	-	-	1,525	921
Prepayments & accrued income	1,708	1,187	1,679	1,179
Other debtors	<u>244</u>	<u>86</u>	<u>225</u>	<u>45</u>
	<u>14,623</u>	<u>15,781</u>	<u>14,698</u>	<u>14,764</u>

12. INVESTMENTS (HELD AS CURRENT ASSETS)

COMPANY AND GROUP

	<u>1991</u>	<u>1990</u>
	<u>£000</u>	<u>£000</u>
Short term deposits	<u>27,301</u>	<u>17,926</u>

BAXI PARTNERSHIP LIMITED

NOTES TO THE ACCOUNTS

(continued)

13. CREDITORS: Amounts falling due within one year

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1991</u> £000	<u>1990</u> £000	<u>1991</u> £000	<u>1990</u> £000
Trade creditors	2,362	1,577	1,706	711
Corporation tax (payable 1.1.92)	4,284	2,654	4,082	2,236
Other taxes and social security	1,923	2,090	1,849	1,934
Other creditors	2,282	1,360	2,199	1,281
Accruals and deferred income	<u>4,709</u>	<u>4,890</u>	<u>4,515</u>	<u>4,726</u>
	<u>15,560</u>	<u>12,571</u>	<u>14,351</u>	<u>10,888</u>

CREDITORS: Amounts falling due after more than one year

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1991</u> £000	<u>1990</u> £000	<u>1991</u> £000	<u>1990</u> £000
Loan stock	300	350	300	350
Other creditors	<u>2</u>	<u>3</u>	<u>-</u>	<u>-</u>
	<u>302</u>	<u>353</u>	<u>300</u>	<u>350</u>

Obligations under hire purchase contracts and finance leases included in other creditors above are payable as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1991</u> £000	<u>1990</u> £000	<u>1991</u> £000	<u>1990</u> £000
Within one year	4	14	-	-
Between 2 and 5 years	<u>2</u>	<u>3</u>	<u>-</u>	<u>-</u>
	<u>6</u>	<u>17</u>	<u>-</u>	<u>-</u>

BAXI PARTNERSHIP LIMITED**NOTES TO THE ACCOUNTS**

(continued)

14. PROVISIONS FOR LIABILITIES AND CHARGES**DEFERRED TAXATION**

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
At 1 April 1990	2,250	2,097	2,059	1,806
(Credit)/Charge for the year in the profit & loss account	(345)	153	(173)	253
	1,905	2,250	1,886	2,059
Less: Advance corporation tax	-	(5)	-	-
At 30 March 1991	<u>1,905</u>	<u>2,245</u>	<u>1,886</u>	<u>2,059</u>

The amounts provided for deferred taxation and the amounts unprovided, calculated on the liability method, are set out below.

GROUP

	<u>1991</u>	<u>1990</u>
	<u>Amount</u>	<u>Amount</u>
	<u>Provided</u>	<u>Unprovided</u>
	<u>£000</u>	<u>£000</u>
Difference between accumulated depreciation and capital allowances	1,370	811
Revaluation of properties	-	1,023
Other timing differences	535	-
	1,905	1,834
Less: Advance corporation tax	-	-
	<u>1,905</u>	<u>1,834</u>

COMPANY

	<u>1991</u>	<u>1990</u>
	<u>Amount</u>	<u>Amount</u>
	<u>Provided</u>	<u>Unprovided</u>
	<u>£000</u>	<u>£000</u>
Difference between accumulated depreciation and capital allowances	1,351	745
Revaluation of properties	-	1,023
Other timing differences	535	-
	1,886	1,768
	<u>1,886</u>	<u>1,768</u>

BAXI PARTNERSHIP LIMITED

NOTES TO THE ACCOUNTS

(continued)

15. **SHARE CAPITAL**

COMPANY AND GROUP

	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
<u>AUTHORISED</u>		
7,500,000 Ordinary shares of 10p each	750	750
450,000 Preference shares of £1 each	<u>450</u>	<u>450</u>
	<u>1,200</u>	<u>1,200</u>
<u>ALLOTTED, CALLED UP, AND FULLY PAID</u>		
5,644,275 Ordinary shares of 10p each	564	554
450,000 Preference shares of £1 each	<u>450</u>	<u>450</u>
	<u>1,014</u>	<u>1,004</u>

During the year the share capital of the company was changed as follows:-

In furtherance of the company's policy of employee share ownership, 107,914 Ordinary shares of 10p each were issued to the Employee Trust as fully paid for a consideration of £280,576 giving rise to a share premium of £269,785.

BAXI PARTNERSHIP LIMITED**NOTES TO THE ACCOUNTS**

(continued)

16. **RESERVES****COMPANY AND GROUP**

	<u>1991</u> £000	<u>1990</u> £000
<u>Share Premium Account</u>		
At 1 April 1990	2,736	2,336
Arising on issue of shares	<u>270</u>	<u>400</u>
At 30 March 1991	<u>3,006</u>	<u>2,736</u>

Revaluation Reserve

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1991</u> £000	<u>1990</u> £000	<u>1991</u> £000	<u>1990</u> £000
At 1 April 1990	7,278	5,886	7,279	5,886
Surplus on revaluation of fixed assets	475	1,931	475	1,931
Transfer to profit and loss account	<u>(601)</u>	<u>(539)</u>	<u>(600)</u>	<u>(538)</u>
At 30 March 1991	<u>7,152</u>	<u>7,278</u>	<u>7,154</u>	<u>7,279</u>

Profit and Loss Account

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1991</u> £000	<u>1990</u> £000	<u>1991</u> £000	<u>1990</u> £000
At 1 April 1990	43,916	38,993	44,969	40,407
Retained profit for the financial year	7,168	4,384	7,193	4,024
Transfer from revaluation reserve	<u>601</u>	<u>539</u>	<u>600</u>	<u>538</u>
At 30 March 1991	<u>51,685</u>	<u>43,916</u>	<u>52,762</u>	<u>44,969</u>

BAXI PARTNERSHIP LIMITED

NOTES TO THE ACCOUNTS

(continued)

17. CAPITAL COMMITMENTS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>	<u>1991</u> <u>£000</u>	<u>1990</u> <u>£000</u>
Contracted but not provided for	1,366	289	12	289
Authorised but not contracted for	<u>126</u>	<u>144</u>	<u>31</u>	<u>144</u>
	<u>1,492</u>	<u>433</u>	<u>43</u>	<u>433</u>

18. PENSIONS

The company operates a contributory defined benefit pension scheme. The scheme funds are administered by Trustees and are independent of the company's finances. The latest actuarial valuation of the scheme was carried out by independent actuaries as at 1 February 1989 using the projected unit funding method. The principal financial assumptions adopted in that valuation were that the annual rate of return on new investments would be 9%, the average annual increases in pensionable salaries would be 7%, the average annual increases in pension payments would be 5%, and the average annual increases in equity dividends would be 4½%.

At the date of the latest actuarial valuation, the market value of the assets of the scheme was £25,862,000 and the actuarial value of the assets was sufficient to cover 136% of the benefits that had accrued to members, after allowing for expected future increases in earnings and pensions. For the purpose of assessing pension costs this excess of assets is being spread evenly over the weighted average expected future working lifetime of scheme members. Consequently, the charge in the profit and loss account is £920,000 for the year, and there is an addition of £491,000 to the existing prepayment in the balance sheet, giving a total prepayment of £958,000 at 30 March 1991.

The above does not reflect any changes which will be made as a result of the Barber judgement in the European Court of Justice. This judgement was made in May 1990 and has implications for pension schemes which discriminate between men and women. The company is currently considering its response. The next actuarial valuation is due on 1 February 1992.

19. TRANSACTIONS WITH DIRECTORS

To provide relocation assistance to Mr S N Carter upon becoming a full time Board member, a loan of £164,547 was made available, interest free, during the year. This amount was the maximum liability during the year, and the full amount was outstanding at 30 March 1991.

The loan is repayable in full by 18 August 1991, although an option for a further six months is available at the discretion of the Chief Executive.

BAXI PARTNERSHIP LIMITED

NOTES TO THE ACCOUNTS

(continued)

20. SUBSIDIARY COMPANIES

The company holds 100% of the ordinary share capital of the following subsidiary companies:

	<u>Nature of Business</u>
Richard Baxendale & Sons Limited	Leasing
Gradwood Limited	Heating and ventilation

The group holds 100% of the ordinary share capital of Packaged Air Conditioning Equipment Limited whose business is air treatment equipment.

The above information is given only in respect of trading subsidiaries.