

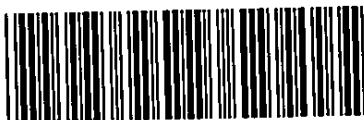
Air Products Llanwern Limited

**Directors' report and financial
statements**

Registered number 1175461

30 September 2009

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Directors' report and financial statements

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditors' report to the members of Air Products Llanwern Limited	4
Profit and Loss Account	6
Balance Sheet	7
Cash Flow Statement	8
Reconciliation of Movements in Shareholders' Funds	9
Notes	10

Directors' report

The directors present their directors' report and financial statements for the year ended 30 September 2009.

Principal activities

The principal activity of the company continues to be the sale of industrial gases.

Business review and results

Air Products Llanwern Limited ('APLLAN') is a joint venture company owned by Air Products PLC and Corus UK Limited for the purpose of supplying nitrogen and oxygen to the steel facility of Corus UK Limited at Llanwern. The joint venture also supplies gaseous nitrogen for other activities.

On 1 November 2002 a 10 year gas supply agreement between APLLAN and Corus UK Limited was signed.

The plant investment of £5,700,000 has been self-funded from APLLAN cash resources. APLLAN has made an interest free loan to Air Products (BR) Limited for the construction of the plant, which is owned by Air Products (BR) Limited, with the loan being repaid over the life of the contract.

The air separation unit ('ASU') is designed to produce up to 400 tonnes per day ('tpd') of gaseous nitrogen and up to 30 tpd of gaseous oxygen, of which 15 tpd is compressed for supply to other Corus UK Limited operations. The plant has been operating successfully throughout the year.

Following satisfactory trading results for the year the Directors are optimistic about the future operation of the Company. The profit for the financial year was £167,000 (2008: £332,000).

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the Company. To manage this risk, the Company strives to provide value-added products to its customers and through the maintenance of strong relationships with both customers and suppliers.

The Company's business is affected by fluctuations in the price of key raw materials, although purchasing policies, contracts and practices seek to mitigate, where practical, such risks.

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the Company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

Proposed dividend

The directors have proposed a final ordinary dividend in respect of the current financial year of £600,000 (2008: £600,000). This has not been included within creditors as it was not approved before the year-end. Dividends paid during the year comprise a final dividend of £600,000 in respect of the previous year ended 30 September 2008.

Directors and directors' interests

The directors who held office during the year were as follows:

AR Belk (resigned 23rd April 2009)
R Bizzell
H Castle-Smith (appointed 21st May 2009, resigned 29th June 2009)
A Ciuksza (appointed 29th June 2009)
A Dunbar
D Leney (appointed 13th August 2009)
P McCusker
JL Sparks (resigned 13th August 2009)

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Directors' report *(continued)*

Political and charitable contributions

The company made no political or charitable contributions during the year (2008: £nil).

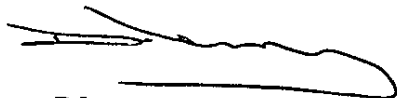
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with section 384 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



D Leney
Director

Hersham Place Technology Park
Molesey Road
Walton-on-Thames
Surrey
KT12 4RZ

9th December 2009

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing 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 they have elected to prepare financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgements and 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 statement; 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 have general responsibility for taking such steps as are seasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditors' report to the members of Air Products Llanwern Limited

We have audited the financial statements of Air Products Llanwern Limited for the period ended 30 September 2009 on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Section 495 and 496 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 the directors and auditors

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 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 (APB's) Ethical Standards for Auditors.

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.

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 30 September 2009 and of its profit for the period then ended;
- have been properly prepared in accordance with UK 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 period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Air Products Llanwern 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.



Richard J Gorsuch
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB
9 December 2009

Profit and Loss Account
for the year ended 30 September 2009

	<i>Note</i>	2009 £000	2008 £000
Turnover	2	5,282	3,885
Cost of sales		(4,410)	(2,836)
		<hr/>	<hr/>
Gross profit		872	1,049
Administrative expenses		(671)	(649)
		<hr/>	<hr/>
Operating profit		201	400
Other interest receivable and similar income	6	15	67
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2-6	216	467
Tax on profit on ordinary activities	7	(49)	(135)
		<hr/>	<hr/>
Profit for the financial year		167	332
		<hr/>	<hr/>

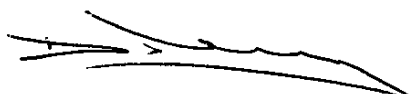
The turnover and operating profit for the current and prior years arose from continuing operations.

There are no recognised gains or losses in the current or prior year other than those charged to the profit and loss account.

Balance Sheet
at 30 September 2009

	<i>Note</i>	2009		2008	
		£000	£000	£000	£000
Current assets					
Stocks	9	108		119	
Debtors due within one year	10	3,843		1,454	
Debtors due after more than one year	10	1,899		2,442	
Cash at bank and in hand		2		1,242	
		<u>5,852</u>		<u>5,257</u>	
Creditors: amounts falling due within one year	11	<u>(1,830)</u>		<u>(802)</u>	
Net current assets			4,022		4,455
Net assets			4,022		4,455
Capital and reserves					
Called up share capital	13	100		100	
Profit and loss account	14	3,922		4,355	
Shareholders' funds - equity			4,022		4,455

These financial statements were approved by the board of directors on 9th December 2009 and were signed on its behalf by:



D Leney
Director

Reconciliation of operating profit to net cash flow from operating activities for the year ended 30 September 2009

	<i>Note</i>	2009 £000	2008 £000
Operating profit		201	400
Decrease/(increase) in stocks		11	(17)
(Increase) in debtors		(2,388)	(314)
Increase/(Decrease) in creditors		978	(500)
		<hr/>	<hr/>
Net cash outflow from operating activities		(1,198)	(431)
		<hr/>	<hr/>

Cash flow statement

Cash flow from operating activities	(1,198)	(431)
Returns on investments and servicing of finance		
Interest received	15	67
Payment to shareholders in respect of consortium tax relief	-	-
Dividends paid on shares classified in shareholders' funds	(600)	(1,000)
	<hr/>	<hr/>
Cash outflow before financing	(1,783)	(1,364)
Financing		
Loan receipts	543	543
	<hr/>	<hr/>
Decrease in cash in the period	(1,240)	(821)
	<hr/>	<hr/>

Reconciliation of net cash flow to movement in net funds

Decrease in cash in the period	(1,240)	(821)
	<hr/>	<hr/>
Movement in net funds in the period	(1,240)	(821)
Net funds at start of the period	1,242	2,063
	<hr/>	<hr/>
Net funds at the end of the period	16 2	1,242
	<hr/>	<hr/>

Reconciliation of movements in shareholders' funds
for the year ended 30 September 2009

	2009 £000	2008 £000
Profit for the financial year	167	332
Dividends on shares classified in shareholders' funds (note 8)	(600)	(1,000)
Net reduction to equity shareholders' funds	(433)	(668)
Opening equity shareholders' funds	4,455	5,123
Closing equity shareholders' funds	4,022	4,455

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents the amounts (excluding value added tax, credit notes and returns) derived from the provision of goods to customers. Sales of industrial gases are recorded at the time of delivery.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Notes (continued)

2 Analysis of turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation are attributable to the one principal activity of the company and all arises in the UK.

3 Notes to the profit and loss account

	2009 £000	2008 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration – Audit of these financial statements	4	9

4 Remuneration of directors

No director received any emoluments in connection with their services as a director of the company during the year (2008: £nil).

5 Staff numbers and costs

No salaries or wages have been paid to employees, including the directors, during the year as staff costs are borne by Air Products PLC.

6 Other interest receivable and similar income

	2009 £000	2008 £000
Bank interest	15	67

Notes (continued)

7 Taxation

Analysis of charge in period:

	2009 £000	2008 £000
<i>UK corporation tax</i>		
Current tax on income for the period	61	125
Adjustment in respect of prior periods	(11)	-
	<hr/> 50	<hr/> 125
<i>Deferred tax (see note 12)</i>		
Reversal of timing differences	-	10
Adjustment in respect of prior periods	(1)	-
	<hr/> (1)	<hr/> 10
Total deferred tax	<hr/> (1)	<hr/> 10
Tax on profit on ordinary activities	<hr/> 49	<hr/> 135
	<hr/>	<hr/>
	2009	2008
	£000	£000
<i>Current tax reconciliation:</i>		
Profit on ordinary activities before tax	216	467
	<hr/>	<hr/>
Current tax at 28%	60	135
	<hr/>	<hr/>
<i>Effects of:</i>		
Adjustment in respect of prior years	(11)	-
Other timing differences	1	(10)
	<hr/> 50	<hr/> 125
Total current tax charge (see above)	<hr/> 50	<hr/> 125

The company is utilising consortium tax relief from its shareholders to reduce the corporation tax liability for the year to £nil (2008: £nil). The shareholders are owed £50,000 (2008: £125,000) for the use of this consortium tax relief for the year.

8 Dividends

The aggregate amount of dividends comprises:

	2009 £000	2008 £000
Final dividends paid in respect of prior year but not recognised as liabilities in that year	(600)	(1,000)
	<hr/>	<hr/>
Aggregate amount of dividends paid in the financial year	(600)	(1,000)
	<hr/>	<hr/>
Dividends in respect of the year recognised as a liability at the year end	-	-
	<hr/>	<hr/>
	(600)	(1,000)
	<hr/>	<hr/>

Notes (continued)

8 Dividends (continued)

The aggregate amount of dividends proposed and recognised as liabilities as at the year end is £nil (2008: £nil). The directors have proposed a final ordinary dividend in respect of the current year of £600,000. This has not been included within creditors as it was not approved before the year end.

9 Stocks

	2009 £000	2008 £000
Finished goods and goods for resale	108	119

10 Debtors

	2009 £000	2008 £000
Amount owed by shareholder	725	632
Amounts owed by related company	4,988	3,236
Net deferred tax assets (note 12)	29	28
	<u>5,742</u>	<u>3,896</u>

Debtors include amounts owed by related company of £1,899,000 (2008: £2,442,000) due after more than one year.

The amount owed by related company is due from Air Products (BR) Limited, a subsidiary of Air Products PLC, and includes a loan of £2,442,000 (2008: £2,985,000) which is unsecured, interest free and is repayable in semi-annual instalments by 14 November 2013. Of this £1,899,000 (2008: £2,442,000) is due after more than one year and £543,000 (2008: £543,000) is due within one year. The remaining balance of £2,546,000 (2008: £251,000) comprises £72,000 and £2,474,000 in respect of trading and current account balances respectively with Air Products (BR) Limited.

11 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Amounts owed to shareholders	90	93
Amounts owed to related company	1428	123
Other creditors	-	2
Accruals and deferred income	312	584
	<u>1,830</u>	<u>802</u>

Notes (continued)

12 Deferred taxation

The movement in the deferred taxation provision during the year was:

	2009 £000	2008 £000
At beginning of year	28	38
Charge to the profit and loss for the year (note 7)	1	(10)
At end of year	<u>29</u>	<u>28</u>

The elements of deferred taxation are as follows:

	2009 £000	2008 £000
Difference between accumulated depreciation and capital allowances	29	28
Net deferred tax asset (note 10)	<u>29</u>	<u>28</u>

13 Called up share capital

	2009 £000	2008 £000
<i>Authorised, allotted, called up and fully paid</i>		
Equity: 50,000 ordinary "A" shares of £1 each	50	50
Equity: 50,000 ordinary "B" shares of £1 each	50	50
	<u>100</u>	<u>100</u>

The company has two shareholders who each own 50% of the share capital of the company.

14 Reserves

	Profit and loss account £000
At beginning of year	4,355
Profit for the financial year	167
Dividends paid (note 8)	(600)
At end of year	<u>3,922</u>

Notes (continued)

15 Commitments

On 1 November 2002 the company entered into ten year agreements with Corus UK Limited and Air Products (BR) Limited to supply gases. The contractual value of the Corus UK Limited supply agreement is estimated at £3.1 million per year, and the Air Products (BR) Limited supply agreement is estimated at £0.6 million per year. In the event of a failure of supply the company's maximum liability is £3 million per event.

On 1 November 2002 the company entered into ten year operating and utilities agreements with Air Products (BR) Limited for the plant.

16 Analysis of net funds

	At beginning of year £000	Cash flow £000	At end of year £000
Cash in hand, at bank	1,242	(1,240)	2
Total	1,242	(1,240)	2

17 Related party disclosures

During the year the company made sales of industrial gases to Corus UK Limited of £3,679,000 (2008: £2,858,000). In addition, the company has issued invoices of £292,000 (2008: £285,000) in respect of October 2009 sales. This amount has been deferred in the balance sheet and not recognised within the profit and loss account. At the year end, the amount owed by Corus UK Limited was £725,000 (2008: £632,000).

During the year the company made sales of industrial gas to Air Products (BR) Limited of £1,612,000 (2008: £1,027,000). At the year end the trading amount owed by Air Products (BR) Limited was £72,000 (2008: £251,000).

The company has provided loans to Air Products (BR) Limited, a subsidiary of Air Products PLC. The amount outstanding of £2,442,000 (2008: £2,985,000) is analysed between debtors due after more than one year of £1,899,000, and due within one year of £543,000 and is interest free and unsecured.

During the year Air Products (BR) Limited invoiced the company £5,081,000 (2008: £3,487,000) in respect of plant operating costs. At the year end the amount owed to Air Products (BR) Limited was £583,000 (2008: £120,000).

During the year the company utilised consortium tax relief from the shareholders of £193,000 (2008: £434,000) to offset the corporation tax liability. At the year end the amount owed to Air Products Group Ltd was £148,000 (2008: £123,000) and Corus UK Limited was £90,000 (2008: £93,000), both amounts are included within creditors, amounts owed to shareholders.

Notes *(continued)*

18 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is jointly controlled by two shareholders Air Products PLC and Corus UK Limited, both incorporated in Great Britain.

The largest group in which the results of Air Products PLC and subsidiary undertakings are consolidated is that headed by Air Products and Chemicals Inc., incorporated in the State of Delaware, USA. The consolidated accounts of this group are available to the public and may be obtained from:

Corporate Secretary
Air Products and Chemicals, Inc
7201 Hamilton Boulevard
Allentown
Pennsylvania 18195 – 1501

The largest group in which the results of Corus UK Limited and subsidiary undertakings are consolidated is that headed by TATA Steel UK Limited incorporated in Great Britain. The consolidated accounts of this group are available to the public and may be obtained from:

Corporate Secretary
TATA Steel UK Limited
30 Millbank
London
SW1P 4WY