

Registration number: 01175461

Air Products Llanwern Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2022

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Air Products Llanwern Limited

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Air Products Llanwern Limited

Company Information

Directors

C Phillips

S Maynard

J Walton

R Norris

S Villota

G Jones

Registered office

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

Auditors

Deloitte LLP
Statutory Auditor
Newcastle upon Tyne
United Kingdom

Air Products Llanwern Limited

Directors' Report for the Year Ended 30 September 2022

The directors present their report and the audited financial statements for the year ended 30 September 2022.

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 Tata Steel UK Limited for the purpose of supplying nitrogen and oxygen to the steel facility of Tata Steel UK Limited at Llanwern. The joint venture also supplies gaseous nitrogen for other activities.

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 Tata Steel UK Limited operations.

The extension of the original 10-year nitrogen and oxygen supply agreements between APLLAN and Tata Steel UK Limited expired on 30th November 2022. The intention from both parties is to renew the agreement but negotiations had not been concluded by the expiry of the previous contract. Therefore, a 3-month extension on the same terms as the expired arrangement has been agreed until the 28th February 2023 to allow time to conclude negotiations and agree a new longer-term contract.

The loss for the financial year was £562,000 (2021: loss of £678,000). Net assets at the end of the financial year were £164,000 (2021: £726,000). The key driver of financial performance in the current financial year was the continued increase in electricity costs which resulted in a loss for the financial year and decrease in net-assets.

Financial risk management policies and objectives

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 customer and maintain strong relationships with both customer 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.

Air Products Llanwern Limited

Directors' Report for the Year Ended 30 September 2022

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements.

The company's main contract supply agreement expired on 30th November 2022 and both parties have agreed to extend the expiring contract for a 3-month period until 28th February 2023 to allow sufficient time to agree a new longer term supply agreement. However, given the lack of certainty on the contract renewal, the directors have concluded that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. As the directors do not currently have any indication that a new contract will not be agreed and the company has enough financial resources to cover the period until expected contract renewal, they continue to adopt the going concern basis in the preparation of these financial statements.

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.

Future developments

The focus of the company for the future is the renewal of the current supply agreement and exploring opportunities for additional agreements with new customers.

Dividends

The directors did not propose or pay a dividend during the year up to date of approval of these financial statements (2021: £nil)

Air Products Llanwern Limited

Directors' Report for the Year Ended 30 September 2022

Strategic Report

The company has taken advantage of the exemption contained in section 414B of the Companies Act 2006 not to prepare a Strategic Report and from certain information in the Directors Report.

Directors of the company

The directors who held office during the year and to the date of signing were as follows:

C Phillips

M Wilson (resigned 11 November 2022)

S Maynard

J Walton

R Norris

S Villota

The following director was appointed after the year end:

G Jones (appointed 11 November 2022)

Disclosure of information to the auditors

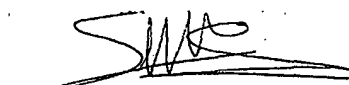
The directors who held office at the date of approval of this directors' report confirm that,

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the 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 auditor is aware of that information.

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

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 13th December 2022 and signed on its behalf by:



S Villota
Director

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

Air Products Llanwern Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 accounting estimates that are reasonable and prudent; 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIR PRODUCTS LLANWERN LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Air Products Llanwern Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of cash flows;
- the statement of changes in equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the contract extension period expires on 28 February 2023 and there is a lack of certainty on the contract renewal. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIR PRODUCTS LLANWERN LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIR PRODUCTS LLANWERN LIMITED

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and] reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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.

DocuSigned by:
Chris Wademan
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Chris Wademan (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Newcastle upon Tyne, United Kingdom

Date: 14 December 2022

Air Products Llanwern Limited**Profit and Loss Account for the Year Ended 30 September 2022**

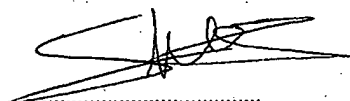
	Note	2022 £ 000	2021 £ 000
Turnover	2	6,335	4,464
Cost of sales		(6,827)	(3,877)
Gross (loss)/profit		(492)	587
Administrative expenses		(742)	(664)
Onerous contract provision		478	(840)
Operating loss		(756)	(917)
Other interest receivable and similar income	6	6	9
Loss before tax		(750)	(908)
Taxation	7	188	230
Loss for the financial year		(562)	(678)

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 and therefore no statement of comprehensive income has been presented.

Air Products Llanwern Limited
(Registration number: 01175461)
Balance Sheet as at 30 September 2022

	Note	2022 £ 000	2021 £ 000
Current assets			
Stocks	8	120	38
Debtors (including £429,000 (2021: £318,000) due after one year)	9	2,618	2,948
		<u>2,738</u>	<u>2,986</u>
Current liabilities			
Creditors: Amounts falling due within one year	10	<u>(2,212)</u>	<u>(1,421)</u>
Net current assets		526	1,565
Provisions for liabilities	12	<u>(363)</u>	<u>(840)</u>
Net assets		<u>163</u>	<u>725</u>
capital and reserves			
Called up share capital	13	100	100
Profit and loss account		<u>63</u>	<u>625</u>
Total equity		<u>163</u>	<u>725</u>

Approved and authorised by the Board of Directors on 13th December 2022 and signed on its behalf by:



S Villota
Director

Air Products Llanwern Limited

Statement of Cash Flows for the Year Ended 30 September 2022

	Note	2022 £ 000	2021 £ 000
Cash flows from operating activities			
(Loss)/profit for the year		(562)	(678)
Adjustments for:			
(Increase)/decrease in deferred tax asset	7	(188)	(230)
Adjustments to cash flows from non-cash items:			
Interest receivable	6	(6)	(9)
		(756)	(917)
Adjustments for:			
(Increase)/decrease in stocks	8	(82)	109
(Increase)/decrease in debtors	9	518	(353)
Increase/(decrease) in creditors	10	791	241
(Decrease)/increase in provisions	12	(477)	840
Net cash flow from operating activities		(6)	(80)
Cash flows from investing activities			
Interest received	6	6	9
Net (decrease)/increase in cash and cash equivalents		-	(71)
Cash and cash equivalents at 1 st October 2020		-	71
Cash and cash equivalents at 30 th September 2021		-	-

Air Products Llanwern Limited**Statement of Changes in Equity for the Year Ended 30 September 2022**

	Note	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 October 2020		100	1,303	1,403
Loss for the year		-	(678)	(678)
Total comprehensive expense		-	(678)	(678)
At 30 September 2021		100	625	725
		Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 October 2021		100	625	725
Loss for the year		-	(562)	(562)
Total comprehensive expense		-	(562)	(562)
At 30 September 2022		100	63	163

Air Products Llanwern Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

1 Accounting policies

Air Products Llanwern Limited (the 'company') is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The company's registered office is Hersham Place Technology Park, Molesey Road, Walton on Thames, United Kingdom. The principal activity of the company continues to be the sale of industrial gases.

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.

Key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

The directors have assessed the going concern status of the business and concluded that it remains appropriate to continue to prepare the accounts on a going concern basis. In reaching this conclusion, they have considered the high likelihood a new supply agreement will be agreed and that under the new contract the company will generate positive cash flows. Also, the company currently has sufficient financial resources to cover any expected losses incurred during the current 3-month contract extension period expiring on the 28th February 2023.

As the directors do not currently have any indication that the contract will not be renewed, they continue to adopt the going concern basis in the preparation of these financial statements, however given the lack of certainty on the contract renewal, the directors have concluded that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Sources of estimation uncertainty

A provision has been recognised at year end for expected future losses on the Company's supply contract which has been extended for a 3-month period until 28th February 2023. In determining the amount of the additional onerous contract provision, trading forecasts have been prepared incorporating expected future trading volumes, sales prices and expenses based on the best available information as of the date of approval of this report, with the forecast loss being recognised in full in fiscal year 2022.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

Other

The financial statements are prepared under the historical cost convention and presented in GBP which is the functional currency of the company and currency of the primary economic environment in which the company operates.

Air Products Llanwern Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements.

The company's main contract supply agreement expired on 30th November 2022 and both parties have agreed to extend the expiring contract for a 3-month period until 28th February 2023 to allow sufficient time to agree a new longer term supply agreement. However, given the lack of certainty on the contract renewal, the directors have concluded that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. As the directors do not currently have any indication that a new contract will not be agreed and the company has enough financial resources to cover the period until expected contract renewal, they continue to adopt the going concern basis in the preparation of these financial statements.

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

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

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 shipment.

Turnover for goods is recognised when the significant risks and rewards of ownership are transferred to the customer.

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.

Air Products Llanwern Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

Financial instruments issued by the Company

Classification

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Interest income

Interest income is recognised using the effective interest rate method.

Other operating income

Other operating income from activities relates to income attributable to prior reporting periods that has been recognised in the current financial year. This is disclosed separately to provide further understanding of the financial performance of the company.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Air Products Llanwern Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

2 Analysis of turnover and profit before taxation

The turnover and profit before taxation are solely attributable to the sale of industrial gases in the UK.

3 Loss before tax

Loss before taxation is stated after charging

	2022 £ 000	2021 £ 000
Auditor's remuneration for audit of financial statements	5	3

The audit fee above represents the amounts charged directly to APLLAN directly by the company's auditors. The Air Products and Chemicals Inc. group audit fee includes amounts in respect of the company also, however it is not possible to separately attribute these fees.

During the year the company's auditors did not provide any non-audit services (2021: none).

4 Remuneration of directors

No director received any emoluments in connection with their services as a director of the company during the year (2021: £nil).

5 Staff costs

No salaries or wages have been paid to employees, including the directors. Air Products Llanwern Limited does not have any employees.

6 Other interest receivable and similar income

	2022 £ 000	2021 £ 000
Unwinding of loan discount	4	9
Interest income	2	-
	<u>6</u>	<u>9</u>

Air Products Llanwern Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

7 Taxation

Analysis of charge in period:

	2022 £ 000	2021 £ 000
<i>Deferred taxation</i>		
Other timing differences	(188)	(227)
Revaluation of deferred taxes (from 19% to 25%)	-	(3)
Total deferred taxation	(188)	(230)

The tax on loss before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Loss before tax	(750)	(908)
Corporation tax at standard rate	(143)	(173)
Adjustment in respect of prior years	(45)	(57)
Total tax credit	(188)	(230)

The standard rate of corporation tax in the UK is 19% and remained at the same rate for the tax year beginning 1st April 2021. The changes introduced in Finance Bill 2021 to set the main rate of corporation tax at 25% for financial year 2023, which will apply to profits above £250,000; and introduce a small profits rate of 19% for profits below £50,000, were substantially enacted on the 24th of May 2021. Marginal relief provisions will be introduced so that, where a company's profits fall between the lower and upper limits, it will be able to claim an amount of marginal relief that bridges the gap between the lower and upper limits providing a gradual increase in the Corporation Tax rate.

Air Products Llanwern Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

Deferred tax

Deferred tax assets and liabilities

2022

At beginning of year

Charge to the profit and loss for the year (note 7)

Asset
£ 000

241

188

429

2021

At beginning of year

Charge to the profit and loss for the year (note 7)

Revaluation of deferred taxes (from 19% to 25%)

Asset
£ 000

11

227

3

241

8 Stocks

Finished goods and goods for resale

2022
£ 000

120

2021
£ 000

38

The amount of inventories recognised as an expense during the year was £569,000.

9 Debtors

Trade debtors

Amounts owed by related parties

Other debtors

Deferred tax assets

Note 2022 2021
 £ 000 £ 000

1,617

929

14

369

1,761

203

17

7

429

241

2,618

2,948

Air Products Llanwern Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

10 Creditors

	Note	2022 £ 000	2021 £ 000
Due within one year			
Amounts owed to related company	14	1,294	996
Accruals and deferred income		918	425
		<u>2,212</u>	<u>1,421</u>

11 Financial instruments

	2022 £ 000	2021 £ 000
Carrying amounts of financial assets		
Financial assets measured at amortised cost	<u>2,189</u>	<u>2,707</u>
Carrying amounts of financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,212)</u>	<u>(1,421)</u>

Air Products Llanwern Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

12 Provisions

	Onerous contracts £ 000	Total £ 000
At 1 October 2021	840	840
Additional provisions	236	236
Provisions used	(713)	(713)
At 30 September 2022	363	363

An onerous contract provision has been established in the current financial year to provide for expected future losses until contract expiry on the company's main supply agreement. £713,000 of the provision was used in current financial year and the remaining £236,000 in the following financial year.

13 Called up share capital

Allotted, called up and fully paid shares

	2022		2021	
	No. 000	£ 000	No. 000	£ 000
Equity A of £1 each	50	50	50	50
Equity B of £1 each	50	50	50	50
	100	100	100	100

Both classes of ordinary shares have the same voting rights and contain equal rights to dividends.

Air Products Llanwern Limited

Notes to the Financial Statements for the Year Ended 30 September 2022

14 Related party transactions

During the year the company invoiced sales of industrial gases to TATA Steel UK Limited of £5,426,000 (2021: £3,591,000). At the year end, the amount owed by TATA Steel UK Limited was £1,217,000 (2021: £764,000).

During the year the company invoiced sales of industrial gas to Air Products (BR) Limited of £909,000 (2021: £873,000). At the year end the trading amount owed by Air Products (BR) Limited was £107,000 (2021: £61,000).

The company has provided loans to Air Products (BR) Limited, a subsidiary of Air Products Group Limited. The amount outstanding of £85,000 (2021: £170,000) is due within one year and the amount outstanding of £nil (2021: £81,000) is due after more than one year. The loan is interest free and unsecured. In addition, the company is part of a cash pooling arrangement with Air Products (BR) Limited. As of 30th September 2022, the company held £95,000 (2021: £1,285,000) within this arrangement.

During the year, Air Products (BR) Limited invoiced the company £7,048,000 (2021: £4,463,000) in respect of plant operating costs. At year end, the amount owed to Air Products (BR) Limited was £1,036,000 (2021: £552,000).

During the year, the company made a loss and did not utilise consortium tax relief from the shareholders (2021: £nil). At year end, the outstanding amounts owed from previously utilised consortium tax relief to Air Products Group Limited was £nil (2021: £95,000) and to Tata Steel UK Limited was £nil (2021: £95,000).

15 Parent and ultimate parent undertaking

The company is jointly controlled by two shareholders Air Products PLC and TATA Steel UK Limited, both incorporated in United Kingdom and registered in England and Wales.