

Registration number: 01175461

Air Products Llanwern Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2021

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Air Products Llanwern Limited

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Air Products Llanwern Limited

Directors' Report for the Year Ended 30 September 2021

The directors present their report and the financial statements for the year ended 30 September 2021.

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.

On 21st March 2016, extensions to the original 10-year nitrogen and oxygen supply agreements between APLLAN and Tata Steel UK Limited and between APLLAN and Air Products BR Limited were signed. The new agreements will run to 30th of November 2022.

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 loss for the financial year was £678,000 (2020: profit of £790,000). The main driver of the loss was the recognition of an onerous contract provision of £840,000 in relation to forecasted losses for the main supply agreement until contract expiry. In addition, higher electricity costs and costs related to plant maintenance impacted profit margins in the current financial year.

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.

The United Kingdom's (UK) exit from the European Union ("Brexit") brought risks and uncertainties related to the process and its potential impact on the wider UK economy. As expected, to date, the company has not suffered any significant impact on production operations or its supply chain as a result of Brexit.

The COVID-19 global pandemic significantly impacted the UK economy beginning in March 2020 when the government implemented various measures to control the spread of the virus. Consistent with the director's initial assessment, to date, the impact of COVID-19 on the company's financial position has been limited.

Air Products Llanwern Limited

Directors' Report for the Year Ended 30 September 2021

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 is due to expire on 30th November 2022. Negotiations have formally started regarding contract renewal. If the supply contract is not renewed and no additional contracts are entered in to, the likelihood is that current operations would cease, and the company become non trading. 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.

In making a judgement regarding going concern, the directors have also considered the long-term economic impact of the COVID-19 pandemic. The impact on the company's operations and financial position have been limited to date. The directors continue to monitor and assess the long-term effect of COVID-19 on the wider UK economy but do not anticipate any significant impact on operations or financial position in the coming financial year.

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 or up to date of approval of these financial statements (2020: £nil).

Air Products Llanwern Limited

Directors' Report for the Year Ended 30 September 2021

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 as it is eligible to prepare its financial statements in accordance with the small companies regime.

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

S Maynard

R Norris

J Walton

S Villota Ortega (appointed 22 October 2020)

M Patel (resigned 22 October 2020)

Disclosure of information to the auditors

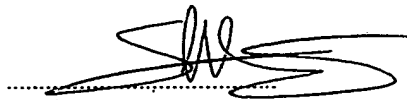
The directors who held office at the date of approval of this directors' report confirm that,

- 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 6th January 2022 and signed on its behalf by:



S Villota Ortega
Director

Hersham Place Technology Park
Molesey Road
Walton-on-Thames
Surrey
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 judgments 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 30th September 2021 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
- the related notes 1 to 16.

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 sole contract held by the company is due to expire in November 2022. Negotiations regarding potential contract renewals or extensions are currently ongoing. Should the contract not be renewed the company would cease to trade and no longer be a going concern. 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 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 directors' responsibilities statement, 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:

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

- 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
- 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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

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.



.....
Andrew Hornby (Senior Statutory Auditor)
For and on behalf of Deloitte LLP,
Statutory Auditor
Reading, United Kingdom

Date: 7 January 2022

Air Products Llanwern Limited

Profit and Loss Account for the Year Ended 30 September 2021

	Note	2021 £ 000	2020 £ 000
Turnover		4,464	3,669
Cost of sales		(3,877)	(2,556)
Gross profit		587	1,113
Administrative expenses		(664)	(629)
Onerous contract provision	13	(840)	-
Other operating (loss)/income	5	-	475
Operating (loss)/profit		(917)	959
Other interest receivable and similar income	7	9	15
(Loss)/profit before tax		(908)	974
Taxation	8	230	(184)
(Loss)/profit for the financial year		(678)	790

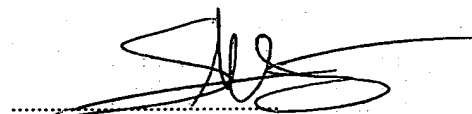
The turnover and operating profit for the current and prior years arose from continuing operations. There are no recognised gains or losses in the current or prior year other than those charged to the profit and loss account and therefore no statement of comprehensive income has been presented.

Air Products Llanwern Limited

(Registration number: 01175461)
Balance Sheet as at 30 September 2021

	Note	2021 £ 000	2020 £ 000
Current assets			
Stocks	9	38	147
Debtors (including £318,000 (2020: £243,000) due after one year)	10	2,948	2,365
Cash at bank and in hand		-	71
		<u>2,986</u>	<u>2,583</u>
Current liabilities			
Creditors: Amounts falling due within one year	11	<u>(1,421)</u>	<u>(1,180)</u>
Net current assets		<u>1,565</u>	<u>1,403</u>
Provisions for liabilities	13	<u>(840)</u>	<u>-</u>
Net assets		<u>725</u>	<u>1,403</u>
Capital and reserves			
Called up share capital	14	100	100
Profit and loss account		<u>625</u>	<u>1,303</u>
Total equity		<u>725</u>	<u>1,403</u>

Approved and authorised by the Board of Directors on 6th January 2022 and signed on its behalf by:



S Villota Ortega
Director

Air Products Llanwern Limited

Statement of Cash Flows for the Year Ended 30 September 2021

	Note	2021 £ 000	2020 £ 000
Cash flows from operating activities			
(Loss)/profit for the year		(678)	790
Adjustments for:			
(Increase)/decrease in deferred tax asset	10	(230)	-
Adjustments to cash flows from non-cash items:			
Interest receivable		(9)	(15)
		(917)	775
Adjustments for:			
(Increase)/decrease in stocks	9	109	(45)
(Increase)/decrease in debtors	10	(353)	(282)
Increase/(decrease) in creditors	11	241	(392)
Increase in provisions	13	840	-
Net cash flow from operating activities		(80)	56
Cash flows from investing activities			
Interest received	7	9	15
Net (decrease)/increase in cash and cash equivalents		(71)	71
Cash and cash equivalents at 1 st October 2020		71	-
Cash and cash equivalents at 30 th September 2021		-	71

Air Products Llanwern Limited

Statement of Changes in Equity for the Year Ended 30 September 2021

	Note	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 st October 2019		100	513	613
Profit for the year		-	790	790
Total comprehensive income		-	790	790
At 30 th September 2020		100	1,303	1,403
At 1 st October 2020		100	1,303	1,403
Loss for the year		-	(678)	(678)
Total comprehensive expense		-	(678)	(678)
At 30 th September 2021		100	625	725

Air Products Llanwern Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

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 forecast future cashflows and likelihood that the Company's contract with Tata Steel will be renewed. However, as the contract is due to expire in November 2022 the directors have concluded that a material uncertainty exists, given that should the contract not be renewed the company would cease to trade in November 2022.

Sources of estimation uncertainty

A provision has been recognised during the year in respect of expected future expected losses on the Company's revenue contract. In determining the amount of the 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 FY2021.

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 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 2021

1 Accounting policies (continued)

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 is due to expire on 30th November 2022. Negotiations have formally started regarding contract renewal. If the supply contract is not renewed and no additional contracts are entered in to, the likelihood is that current operations would cease, and the company become non trading. 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.

In making a judgement regarding going concern, the directors have also considered the long-term economic impact of the COVID-19 pandemic. The impact on the company's operations and financial position have been limited to date. The directors continue to monitor and assess the long-term effect of COVID-19 on the wider UK economy but do not anticipate any significant impact on operations or financial position in the coming financial year.

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 2021

1 Accounting policies (continued)

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 2021

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 Notes to the profit and loss account

(Loss)/Profit before taxation is stated after charging

	2021 £ 000	2020 £ 000
Auditor's remuneration for audit of financial statements	3	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 (2020: none).

4 Remuneration of directors

No director received any emoluments in connection with their services as a director of the company during the year (2020: £nil).

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021 £ 000	2020 £ 000
Income from under recovery of electricity costs	-	475

6 Staff costs

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

7 Other interest receivable and similar income

	2021 £ 000	2020 £ 000
Unwinding of loan discount	9	14
Interest income	-	1
	9	15

Air Products Llanwern Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

8 Taxation

Analysis of charge in period:

	2021 £ 000	2020 £ 000
UK corporation tax		
Current tax on income for the period	-	181
Deferred taxation		
Other timing differences	(227)	4
Revaluation of deferred taxes (from 19% to 25%)	(3)	(1)
Total deferred taxation	(230)	3
Tax on (loss)/profit	(230)	184

The tax on (loss)/profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 – lower than) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
(Loss)/profit before tax	(908)	974
Corporation tax at standard rate	(173)	185
Decrease in UK current tax from adjustment for prior periods	(57)	(1)
Total tax (credit)/charge	(230)	184

The standard rate of corporation tax in the UK is 19% and will remain 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 2021

8 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

2021

At beginning of year

Charge to the profit and loss for the year (note 8)

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

Asset
£ 000

11

227

3

241

2020

At beginning of year

Charge to the profit and loss for the year (note 8)

Revaluation of deferred taxes (from 17% to 19%)

Asset
£ 000

14

(4)

1

11

9 Stocks

Finished goods and goods for resale

2021
£ 000

38

2020
£ 000

147

10 Debtors

Trade debtors

Amounts owed by related parties (including £81,000 (2020: £243,000) due after one year)

Other debtors

Net deferred tax assets (note 8)

Note

2021
£ 000

929

15

1,761

17

8

241

2,948

2020
£ 000

424

1,930

-

11

2,365

Air Products Llanwern Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

11 Creditors

	Note	2021 £ 000	2020 £ 000
Due within one year			
Amounts owed to related company	15	996	563
Other payables		-	13
Accruals and deferred income		425	604
		<u>1,421</u>	<u>1,180</u>

12 Financial instruments

	2021 £ 000	2020 £ 000
Carrying amounts of financial assets		
Financial assets measured at amortised cost	<u>2,707</u>	<u>2,354</u>
Carrying amounts of financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,421)</u>	<u>(1,180)</u>

13 Provisions

	Onerous contracts £ 000	Total £ 000
At 1 st October 2020	-	-
Additional provisions	<u>840</u>	<u>840</u>
At 30 th September 2021	<u>840</u>	<u>840</u>

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. Current estimates are that £713,000 of the provision will be used in the coming financial year and the remaining £127,000 in the following financial year.

Air Products Llanwern Limited

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14 Called up share capital

Allotted, called up and fully paid shares

	2021		2020	
	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.

15 Related party transactions

During the year the company invoiced sales of industrial gases to TATA Steel UK Limited of £3,591,000 (2020: £3,155,000). At the year end, the amount owed by TATA Steel UK Limited was £764,000 (2020: £307,000).

During the year the company invoiced sales of industrial gas to Air Products (BR) Limited of £873,000 (2020: £990,000). At the year end the trading amount owed by Air Products (BR) Limited was £61,000 (2020: £154,000).

The company has provided loans to Air Products (BR) Limited, a subsidiary of Air Products Group Limited. The amount outstanding of £170,000 (2020: £170,000) is due within one year and the amount outstanding of £81,000 (2020: £243,000) 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 2021, the company held £1,285,000 (2020: £1,324,000) within this arrangement.

During the year, Air Products (BR) Limited invoiced the company £4,463,000 (2020: £3,195,000) in respect of plant operating costs. At year end, the amount owed to Air Products (BR) Limited was £552,000 (2020: £298,000).

During the year, the company made a loss and did not utilise consortium tax relief from the shareholders (2020: £951,000). At year end, the outstanding amounts owed from previously utilised consortium tax relief to Air Products Group Limited was £95,000 (2020: £95,000) and to Tata Steel UK Limited was £95,000 (2020: £95,000).

16 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.