

**AIR PRODUCTS (BR) LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 SEPTEMBER 1999**  
**TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS**



Registered in England, number 2532156

# **AIR PRODUCTS (BR) LIMITED**

## **REPORT OF THE DIRECTORS**

### **FOR THE YEAR ENDED 30 SEPTEMBER 1999**

To be submitted to the shareholders at the annual general meeting of the company to be held at the company's registered office at Hersham Place, Molesey Road, Walton-on-Thames, Surrey.

#### ***DIRECTORS' RESPONSIBILITIES***

Company law requires the Directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the Directors are required to:

- i. select suitable accounting policies and then apply them consistently;
- ii. make judgements and estimates that are reasonable and prudent;
- iii. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- iv. 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 proper accounting records which 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 1985. 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.

#### ***PRINCIPAL ACTIVITY***

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

#### ***TRADING***

Industrial gas sales progressed satisfactorily during the year despite continuing competitive trading conditions. The trading results in the year and the position at the end of the year were in line with the expectations of the Directors. Details of changes in fixed assets are shown in note 6 to the financial statements.

#### ***FINANCIAL***

The directors present the audited financial statements for the year ended 30 September 1999 on pages 4 to 14. The profit for the financial year is £3,475,000 (1998 - £7,170,000), which when added to retained earnings brought forward of £32,578,000 (1998 - £25,408,000), results in accumulated retained earnings of £36,053,000 (1998 - £32,578,000). Total dividends in the year were £7,500,000 (1998 -£nil) and there are no proposed dividends.

#### ***YEAR 2000 COMPLIANCE***

Detailed information in relation to Year 2000 is provided in the publicly available consolidated financial statements of Air Products and Chemicals Inc.

#### ***SUPPLIER PAYMENT POLICY***

The company policy on payment of creditors is to settle the terms of payment with those suppliers when agreeing the terms of each transaction; ensure that those suppliers are made aware of the terms of payment; and abide by the terms of payment. The average creditors days outstanding is 41 days (1998 - 43)

#### ***DIRECTORS AND THEIR INTERESTS***

The following served as Directors during the year -

J. F. D. Tufnell  
G. P. Wyatt ( appointed 1 February 1999)  
W. H. D. Morrison-Bell

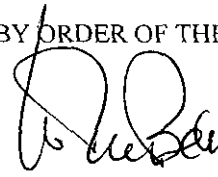
There are no arrangements to which the company is a party whereby Directors of the company can acquire shares or debentures of the company or of any other body incorporated in Great Britain. Furthermore, no Director had at any time during the year any beneficial interest in shares of the company or of any other group company incorporated in Great Britain.

There were no contracts during the year in which a Director held a beneficial interest.

**AUDITORS**

The auditors, Arthur Andersen, have expressed their willingness to continue in office and pursuant to Section 384 of the Companies Act 1985, a resolution for their reappointment will be submitted to the annual general meeting.

BY ORDER OF THE BOARD,

A handwritten signature in dark ink, appearing to read 'W. H. D. Morrison-Bell', written over the printed name.

W. H. D. Morrison-Bell  
Director  
17 January 2000

## AUDITORS' REPORT

### **TO THE SHAREHOLDERS OF AIR PRODUCTS (BR) LIMITED:**

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS:**

As described on page 1, the company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

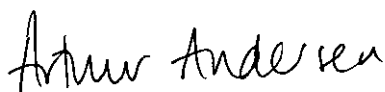
### **BASIS OF OPINION:**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **OPINION:**

In our opinion the financial statements give a true and fair view of the company's state of affairs at 30 September 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**ARTHUR ANDERSEN**  
**CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS**  
1 Surrey Street  
London  
WC2R 2PS  
17 January 2000

**AIR PRODUCTS (BR) LIMITED**  
**PROFIT AND LOSS ACCOUNT AND STATEMENT OF RETAINED EARNINGS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 1999**  
**(£'000's)**

	Notes	<u>1999</u>	<u>1998</u>
TURNOVER	1i), 2	<b>52,526</b>	51,140
Cost of sales		<b>(40,432)</b>	(39,724)
GROSS PROFIT		<b>12,094</b>	11,416
Administrative expenses		<b>(4,002)</b>	(4,564)
OPERATING PROFIT		<b>8,092</b>	6,852
Investment income	3	<b>2,624</b>	3,844
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<b>10,716</b>	10,696
Tax on profit on ordinary activities	5	<b>259</b>	(3,526)
PROFIT FOR THE FINANCIAL YEAR		<b>10,975</b>	7,170
DIVIDENDS PAID	13	<b>(7,500)</b>	-
RETAINED PROFIT FOR THE FINANCIAL YEAR		<b>3,475</b>	7,170
RETAINED EARNINGS, beginning of year		<b>32,578</b>	25,408
RETAINED EARNINGS, end of year		<b>36,053</b>	32,578

All recognised gains or losses relating to the year and the preceding year arise from continuing operations and are shown in the profit and loss account.

The accompanying notes form an integral part of these financial statements.

**AIR PRODUCTS (BR) LIMITED**

**BALANCE SHEET - 30 SEPTEMBER 1999**

(£'000's)

	Notes	<u>1999</u>	<u>1998</u>
<b>FIXED ASSETS</b>			
Tangible assets	6	<b>51,598</b>	52,073
Investments	7	<u>-</u>	<u>37,000</u>
		<u><b>51,598</b></u>	<u>89,073</u>
<b>CURRENT ASSETS</b>			
Stocks	8	<b>798</b>	1,024
Debtors - amounts falling due within one year	9	<b>64,455</b>	3,628
- amounts falling due in more than one year	9, 12	<b>-</b>	4,118
Cash at bank and in hand		<u><b>2,415</b></u>	<u>19,806</u>
		<u><b>67,668</b></u>	<u>28,576</u>
<b>CREDITORS:</b>			
Amounts falling due within one year	10	<u><b>(23,047)</b></u>	<u>(30,179)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u><b>44,621</b></u>	<u>(1,603)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>96,219</b>	87,470
<b>CREDITORS: Amounts falling due after more than one year</b>	11	<b>(2,014)</b>	(2,019)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	12	<u><b>(5,279)</b></u>	<u>-</u>
<b>NET ASSETS</b>		<u><u><b>88,926</b></u></u>	<u><u>85,451</u></u>
<b>SHARE CAPITAL AND RESERVES</b>			
Called-up share capital	13	<b>41,000</b>	41,000
Share premium account	14	<b>11,873</b>	11,873
Profit and loss account	14	<u><b>36,053</b></u>	<u>32,578</u>
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	15	<u><u><b>88,926</b></u></u>	<u><u>85,451</u></u>

SIGNED ON BEHALF OF THE BOARD



J. F. D. Tufnell  
Director  
17 January 2000

The accompanying notes form an integral part of these financial statements.

## AIR PRODUCTS (BR) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 1999

(£'000's)

#### 1. STATEMENT OF ACCOUNTING POLICIES

A summary of the principal accounting policies is set out below, all of which have been applied consistently throughout the year and the preceding year.

- a) Basis of accounting  
The financial statements are prepared under the historic cost convention, and in accordance with applicable accounting standards.
- b) Tangible fixed assets
  - i) Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment.
  - ii) Depreciation is provided on the cost of tangible fixed assets over their estimated useful lives using the straight-line method.

The estimated useful lives of assets are as follows -

Buildings	-	50 years
Vehicles	-	4-10 years
Plant and machinery	-	4-20 years

- c) Investment and development grants  
Government grants, which are in respect of qualifying capital expenditure, are reported as deferred income and amortised over the lives of the related assets.
- d) Stocks  
Stocks and work-in-progress are valued at the lower of cost and net realisable value. Manufactured stocks and work-in-progress include all direct costs incurred in bringing such stocks to their present location and condition, including an appropriate proportion of production overheads.
- e) Leases  
Rentals under operating leases are charged on a straight line basis over the lease term. Further information on leases and future commitments is given in note 17.
- f) Taxation  
Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

# AIR PRODUCTS (BR) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 1999

(£'000's)

### STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

- g) Foreign currency  
Normal trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year-end or, where appropriate, at the rate of exchange of the related forward exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.
- h) Fixed asset investments  
Fixed asset investments are shown at cost less provision for impairment.
- i) Turnover  
Turnover comprises sales stated net of VAT, credit notes and returns. Sales of industrial gases and related equipment are recorded at the time of shipment.
- j) Cash flow statement  
Under the provision of Financial Reporting Standard Number 1 (revised), the company has not prepared a cash flow statement because its ultimate holding company, Air Products and Chemicals Inc., has prepared consolidated financial statements which include the financial statements of the company for the year and which contain a cash flow statement.

### 2. TURNOVER

Turnover consists entirely of sales made in Europe.

### 3. INVESTMENT INCOME

	<u>1999</u>	<u>1998</u>
Interest receivable from group undertakings	<u>2,624</u>	<u>3,844</u>



# AIR PRODUCTS (BR) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 1999

(£'000's)

### 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

- a) Profit on ordinary activities before taxation is stated after charging / (crediting) -

	<u>1999</u>	<u>1998</u>
Depreciation - owned assets	5,570	5,730
Government grants	(71)	(71)
Operating lease rentals - Plant and machinery	285	222
- Other	<u>193</u>	<u>168</u>

Audit fees are incurred on a group basis and the remuneration of the auditors is disclosed in the financial statements of Air Products PLC. The company has no employees and relies on Air Products PLC for the provision of operational, administrative and management services.

- b) No Directors received any relevant emoluments in connection with their services as a Director to the company.

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax (credit)/charge is based on the taxable profit for the year and comprises -

	<u>1999</u>	<u>1998</u>
Corporation tax at 30.5% (1998 - 31%)	-	5,165
(Over) / under provision in prior year	(9,656)	(104)
Deferred tax arising from:		
- capital allowances	1,650	(1,576)
- prior year adjustment	7,699	-
- other timing differences	32	(12)
- prior year adjustment	<u>16</u>	<u>53</u>
	<u>(259)</u>	<u>3,526</u>

The company's current year corporation tax charge is nil due to the availability of losses from group undertakings.

# AIR PRODUCTS (BR) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 1999

(£'000's)

### 6. TANGIBLE FIXED ASSETS

The movement in the year was as follows -

	<u>Land and buildings</u>		<u>Plant and</u>	<u>Assets under</u>	<u>Total</u>
	<u>Freehold</u>	<u>Long Leasehold</u>	<u>machinery</u>	<u>construction</u>	
<b>COST:</b>					
Beginning of year	3,656	96	116,484	13,081	133,317
Additions at cost	-	-	5,095	-	5,095
Transfers between categories	132	-	6,064	(6,196)	-
Retirements	-	-	(11)	-	(11)
End of year	<u>3,788</u>	<u>96</u>	<u>127,632</u>	<u>6,885</u>	<u>138,401</u>
<b>DEPRECIATION:</b>					
Beginning of year	2,661	22	78,561	-	81,244
Charge	157	1	5,412	-	5,570
Transfers between categories	123	-	(123)	-	-
Retirements	-	-	(11)	-	(11)
End of year	<u>2,941</u>	<u>23</u>	<u>83,839</u>	<u>-</u>	<u>86,803</u>
<b>NET BOOK VALUE</b>					
At 30 September 1999	<u>847</u>	<u>73</u>	<u>43,793</u>	<u>6,885</u>	<u>51,598</u>
At 30 September 1998	<u>995</u>	<u>74</u>	<u>37,923</u>	<u>13,081</u>	<u>52,073</u>

Plant and machinery includes fixtures and fittings, and assets under construction includes payments on account.

Original cost includes total interest capitalised of £4,067,000 (1998 - £3,914,000). Net book value includes total interest capitalised (net of amounts amortised) of £1,694,000 (1998 - £1,668,000).

# AIR PRODUCTS (BR) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 1999

(£'000's)

### 7. FIXED ASSET INVESTMENTS

	<u>1999</u>	<u>1998</u>
<u>Loans to parent and fellow subsidiary undertakings</u>		
Beginning of year	37,000	62,018
Amount repaid	-	(25,018)
Transfer to current assets	(37,000)	-
End of year	<u>-</u>	<u>37,000</u>

### 8. STOCKS

The following amounts are included in the net book value of stocks -

	<u>1999</u>	<u>1998</u>
Raw materials and consumables	243	456
Finished goods	555	568
	<u>798</u>	<u>1,024</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

### 9. DEBTORS

The following amounts are included in the net book value of debtors -

	<u>1999</u>	<u>1998</u>
Amounts falling due within one year:		
Trade debtors	6,573	3,220
Amounts due from group undertakings	145	13
Amounts due from parent and fellow subsidiaries	46,545	-
Amounts due from related companies	-	392
Corporation Tax	10,902	-
Prepayments and accrued income	290	3
	<u>64,455</u>	<u>3,628</u>
Amounts falling due after more than one year:		
Deferred tax asset (see note 12)	<u>-</u>	<u>4,118</u>

Amounts due from parent and fellow subsidiaries includes a loan of £37 million to Air Products PLC which is repayable on or before 30 September 2000 and bears interest at a rate of LIBOR + 0.17%.

# AIR PRODUCTS (BR) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 1999

(£'000's)

### 10. CREDITORS: Amounts falling due within one year

The following amounts are included in creditors falling due within one year -

	<u>1999</u>	<u>1998</u>
Bank overdraft	9,799	-
Trade creditors	782	1,263
Amounts due to group undertakings	221	198
Amounts due to related company	1,263	847
Amounts due to parent and fellow subsidiaries	1,851	12,116
Corporation tax	-	5,165
VAT	-	172
Deferred income - government grants	71	71
Accruals	9,060	10,347
	<u>23,047</u>	<u>30,179</u>

### 11. CREDITORS: Amounts falling due after more than one year

The following amounts are included within creditors falling due after more than one year -

	<u>1999</u>	<u>1998</u>
Amounts due to related company	1,923	1,857
Government grants	91	162
	<u>2,014</u>	<u>2,019</u>

# AIR PRODUCTS (BR) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 1999

(£'000's)

### 12. PROVISIONS FOR LIABILITIES AND CHARGES

a) Deferred tax is attributable to -

	<u>1999</u>	<u>1998</u>
Excess of book depreciation of fixed assets over tax allowances	5,429	(3,920)
Other timing differences related to current assets and liabilities	<u>(150)</u>	<u>(198)</u>
	<u>5,279</u>	<u>(4,118)</u>

b) The movement on deferred tax comprises -

	<u>1999</u>	<u>1998</u>
Beginning of year	(4,118)	(2,583)
Charged/(Credited) to profit and loss in respect of:		
- capital allowances	9,349	(1,576)
- other timing differences	<u>48</u>	<u>41</u>
End of year	<u>5,279</u>	<u>(4,118)</u>

There was no unprovided deferred tax at 30 September 1999 and 1998. The deferred tax asset in 1998 is shown in note 9.

### 13. CALLED-UP SHARE CAPITAL

	<u>1999</u>	<u>1998</u>
Authorised :-		
50,000,000 shares of £1 each	<u>50,000</u>	<u>50,000</u>
Issued and fully paid :-		
41,000,000 shares of £1 each	<u>41,000</u>	<u>41,000</u>
Dividends :-		
Total dividend paid of £0.1829 per share (1998 - £nil)	<u>7,500</u>	<u>-</u>

**AIR PRODUCTS (BR) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 1999**

(£'000's)

**14. RESERVES**

	<u>Share Premium</u> <u>Account</u>	<u>Profit and Loss</u> <u>Account</u>
At the beginning of the year	11,873	32,578
Retained profit for the year	<u>-</u>	<u>3,475</u>
At the end of the year	<u><u>11,873</u></u>	<u><u>36,053</u></u>

**15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<u>1999</u>	<u>1998</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	3,475	7,170
SHAREHOLDERS' FUNDS AT BEGINNING OF YEAR	<u>85,451</u>	<u>78,281</u>
SHAREHOLDERS' FUNDS AT END OF YEAR	<u><u>88,926</u></u>	<u><u>85,451</u></u>

# AIR PRODUCTS (BR) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 1999

(£'000's)

### 16. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments -

At the end of the year capital commitments contracted for but not provided for were £5,164,000 (1998 - £429,000).

b) Contingent liabilities -

The company, its parent and certain fellow subsidiaries have entered into joint and several guarantees under the banking facilities of individual members of the group totalling £95,400,000 (1998 - £62,500,000) in respect of overdrafts and other short-term borrowings.

The company, its parent and certain fellow subsidiaries have contingent liabilities, arising in the normal course of trade, in respect of bank guarantees given to third parties amounting to £49,600,000 (1998 - £33,800,000) at the end of the year.

c) Lease commitments -

The minimum annual rentals under non-cancellable operating leases are as follows -

	<u>Plant and Machinery</u>	<u>Land and Buildings</u>
Date of Expiry		
Within 1 year	33	-
Between 1-2 years	27	-
Between 2-5 years	54	10
Greater than 5 years	-	66
	<u>114</u>	<u>76</u>

### 17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by paragraph 17 of FRS8 "Related Party Disclosures" and has not disclosed transactions with other group companies.

### 18. ULTIMATE HOLDING COMPANY

The company is a wholly-owned subsidiary of Air Products PLC, incorporated in Great Britain. The smallest group in which the company's results are consolidated is that headed by Air Products Group Limited. The consolidated accounts of this group are available to the public at the company's registered office. The largest group in which they are consolidated is headed by Air Products and Chemicals Inc, incorporated in the State of Delaware, U.S.A. The consolidated financial statements 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