

Air Products (BR) Limited
Directors' report and financial statements
Registered number 2532156
For the year ended 30 September 2012

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Directors' report and financial statements

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Directors' report (Registered number 2532156)

The directors present their directors' report and financial statements for the year ended 30 September 2012

Principal activities

The principal activity of the company is the manufacture and sale of industrial gases

Business review and results

The trading results for the year and the company's financial position at the end of the year are as shown in the attached financial statements

Industrial gas sales progressed satisfactorily during the year despite continuing competitive trading conditions. The profit for the financial year was £16,816,000 (2011 £16,375,000) and the operating profit was £21,204,000 (2011 £21,247,000)

In December 2010, the contract for the purchase of the remaining stake of Cryoservice Limited was transferred from Air Products PLC to Air Products (BR) Ltd

Principal risks and uncertainties

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

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

The Company is principally financed by loans from Group companies.

Financial risk management

The Company is a subsidiary of a large multinational group. Certain financial risks are managed utilising the capacity of the larger group. The majority of transactions in the business are Sterling denominated, including the purchase of materials from other affiliates, hence currency risk is considered very low.

Environment

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

Proposed dividend

The directors proposed and paid a dividend of £16,000,000 during the year (2011 £17,000,000).

Policy and practice on payment of creditors

The company operates such that purchasing from external entities is performed via other group companies. However, it is the policy of the other group companies on the payment of creditors to settle the terms of payment with those suppliers when agreeing the terms of each transaction.

During FY09 the group implemented a European cash pooling facility. Air Products (BR) Limited holds all the UK Group cash balances in Pound Sterling. Another group company in the Netherlands holds the cash balances in the other currencies.

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the year were as follows

W Morrison-Bell
P Neligan
D Sheridan (resigned 19th Dec 2012)
T Hammons, Jr (appointed 19th Dec 2012)
E Pescod (appointed 23rd March 2012)
M Sambrook (appointed 23rd March 2012)

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

Political and charitable contributions

The company made £nil (2011 £nil) political contributions or charitable donations during the year

Disclosure of information to auditor

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

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board and signed on its behalf by



Patrick Neligan

Director

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

27th March 2013

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

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

Under company law the directors must not approve the financial statements unless they 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

15 Canada Square
Canary Wharf
London
E14 5GL
United Kingdom

Independent auditor's report to the members of Air Products (BR) Limited

We have audited the financial statements of Air Products (BR) Limited for the year ended 30 September 2012 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Air Products (BR) Limited
(continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Nigel Harker (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants,
15 Canada Square,
Canary Wharf,
London,
E14 5GL,
United Kingdom

Date 15th May 2013

Profit and Loss Account
for the year ended 30 September 2012

	<i>Note</i>	2012 £000	2011 £000
Turnover	2	88,504	88,831
Cost of sales		(66,734)	(66,878)
Gross profit		21,770	21,953
Administrative expenses		(566)	(706)
Operating profit		21,204	21,247
Profit/loss on sale of tangible fixed assets	3	51	2
Income from other fixed assets investments	6	193	386
Other interest receivable and similar income	7	1,304	1,186
Interest payable and similar charges	8	(253)	(468)
Profit on ordinary activities before taxation		22,499	22,353
Tax on profit on ordinary activities	9	(5,683)	(5,978)
Profit for the financial year	19	16,816	16,375

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

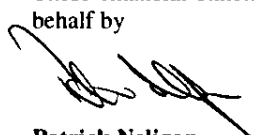
There are no recognised gains or losses in the current or prior year other than those charged to the profit and loss account

Explanatory Notes from pages 9 to 17 form part of these financial statements

Balance Sheet
at 30 September 2012

	<i>Note</i>	2012 £000	2012 £000	2011 £000	2011 £000
Fixed assets					
Tangible assets	10		78,790		89,107
Investments	11		119,080		85,270
			<hr/>		<hr/>
			197,870		174,377
 Current assets					
Stock	12	1,435		1,199	
Debtors	13	103,628		80,254	
Cash at bank and in hand		14		6,037	
		<hr/>		<hr/>	
		105,077		87,490	
 Creditors, amounts falling due within one year	14	(125,639)		(118,685)	
		<hr/>		<hr/>	
Net current liabilities/assets			(20,562)		(31,195)
			<hr/>		<hr/>
Total assets less current liabilities			177,308		143,182
 Creditors: amounts falling due after more than one year	15		(1,038)		(1,462)
 Provisions for liabilities and charges					
Deferred taxation	16		(904)		(794)
			<hr/>		<hr/>
Net assets			175,366		140,926
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	17		81,100		81,100
Share premium account	18		45,497		11,873
Profit and loss account	18		48,769		47,953
			<hr/>		<hr/>
Shareholders' funds – equity			175,366		140,926
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 27th March 2013 and were signed on its behalf by


Patrick Neligan
Director

Explanatory Notes from pages 9 to 17 form part of these financial statements

Reconciliation of Movements in Shareholders' Funds
For the year ended 30 September 2012

	2012 £000	2011 £000
Profit for the financial year	16,816	16,375
Dividends paid	(16,000)	(17,000)
Premium share capital addition	33,624	-
Net (reduction)/ addition to equity shareholders' funds	34,440	(625)
Opening equity shareholders' funds	140,926	141,551
Closing equity shareholders' funds	175,366	140,926

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group

Under FRS1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of Air Products Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Air Products Group Limited, within which this company is included, can be obtained from the company's registered office

Going Concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on pages 1 to 2

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Fixed assets and depreciation

Investments are reviewed for impairment if events or changes in circumstances indicate that their carrying value may not be recoverable. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings	-	up to 50 years
Leasehold property	-	Period of the lease
Plant and machinery	-	between 4 to 20 years

Costs include directly attributable finance costs

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date or, if hedged forward, at the rate of exchange under the related forward currency contract, and the gains or losses on translation are included in the profit and loss account

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Notes *(continued)*

1 Accounting policies *(continued)*

Borrowing costs

Borrowing costs are capitalised where these can be directly related to the acquisition, construction or production of qualifying assets. All other borrowing costs are recognised in the profit and loss as incurred.

Stocks

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

Taxation

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

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

Turnover

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

2 Analysis of turnover and profit on ordinary activities before taxation

The turnover and profit before tax are attributable to the one principal activity of the company and all arises in the UK.

Notes (continued)

3 Notes to the profit and loss account

Profit on ordinary activities before taxation is stated

	2012 £000	2011 £000
<i>After charging</i>		
Depreciation – owned assets (Note 11)	11,981	11,403
Hire of plant and machinery – rentals payable under operating leases	136	125
Hire of other assets - operating leases	548	375
Profit/Loss on sale of fixed assets	(51)	(2)
	<hr/>	<hr/>

Audit fees are incurred on a UK group basis and the remuneration of the auditor is disclosed in the financial statements of Air Products PLC. The amount attributable to the Company for 2012 was £15,618 (2011: £15,237).

4 Remuneration of directors

No director received any emoluments in connection with their services as a director of the Company during the year (2011: £nil).

5 Staff numbers and costs

The company has £nil employee costs as it relies on Air Products PLC for the provision of operational, administrative and management services. £nil salaries or wages have been paid to employees, including the directors, during the year as staff costs are borne by Air Products PLC.

6 Income from other fixed asset investments

	2012 £000	2011 £000
Dividends from fixed asset investments in group undertakings	193	386
	<hr/>	<hr/>

7 Other interest receivable and similar income

	2012 £000	2011 £000
Receivables from group undertakings	1,228	1,169
Bank interest	76	17
	<hr/>	<hr/>
	1,304	1,186
	<hr/>	<hr/>

Notes (continued)

8 Interest payable and similar charges

	2012 £000	2011 £000
Payable to group undertakings	(237)	(404)
Third party interest	(16)	(64)
	<u>(253)</u>	<u>(468)</u>

9 Taxation

Analysis of charge in period

	2012 £000	2011 £000
<i>UK corporation tax</i>		
Current tax on income for the period	5,581	5,961
Adjustment in respect of prior periods	(176)	59
Foreign tax	167	70
	<u>5,572</u>	<u>6,090</u>
<i>Deferred tax (see note 17)</i>		
Origination / reversal of timing differences	-	(10)
Adjustment in respect of prior periods	174	(36)
Effect of change in tax rate from 27% to 25%	(63)	(66)
	<u>5,683</u>	<u>5,978</u>
Tax on profit on ordinary activities	<u>5,683</u>	<u>5,978</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2011 higher) than the standard rate of corporation tax in the UK of 25% (2011 27%). The differences are explained below

	2012 £000	2011 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	22,499	22,353
	<u>5,625</u>	<u>6,035</u>
Current tax at 25% (27% in FY11)	5,625	6,035
<i>Effects of</i>		
Income not taxable/Expenses not deductible for tax purposes	(44)	(84)
Depreciation for period in excess of capital allowances	-	10
Adjustment in respect of prior periods	(176)	59
Foreign tax	167	70
	<u>5,572</u>	<u>6,090</u>
Total current tax charge (see above)	<u>5,572</u>	<u>6,090</u>

Notes (continued)

10 Tangible fixed assets

	Freehold property	Plant and machinery	Assets under construction	Total
	£000	£000	£000	£000
Cost				
At beginning of year	2,597	211,448	1,852	215,897
Additions	22	2,056	193	2,271
Disposals	-	(1,129)	-	(1,129)
Transfer between items	29	792	(820)	1
At end of year	2,648	213,167	1,225	217,040
Depreciation				
At beginning of year	1,842	124,948	-	126,790
Charge for year	88	11,893	-	11,981
On disposals	-	(521)	-	(521)
At end of year	1,930	136,320	-	138,250
Net book value				
At 30 September 2012	718	76,847	1,225	78,790
At 30 September 2011	755	86,500	1,852	89,107

Included in the cost of tangible fixed assets is £5,591,712 (2011 £5,591,712), with a net book value of £1,417,803 (2011 £1,718,029), in respect of capitalized finance costs

11 Investments

	Participating interests	Shares in group undertakings	Total
	£000	£000	£000
Cost			
At beginning of year	37,935	47,335	85,270
Acquisitions during the year	(37,935)	71,745	33,810
At 30 September 2012	-	119,080	119,080
At 30 September 2011	37,935	47,335	85,270

Notes (continued)

11 Investments (Continued)

On the 1st of July 2008, Air Products Group Ltd acquired 47% shareholding in CryoService Ltd. With the acquisition, Air Products Group Ltd holds the majority shareholding of CryoService Ltd through a direct 47% and indirect 25% owned through its 100% investment in AP PLC.

In June 2010, Air Products PLC entered into a contract with Cryoservice Ltd minority shareholders to acquire the remaining 28% share of the Cryoservice Ltd.

In December 2010, the contract was transferred from Air Products PLC to Air Products (BR) Ltd. Air Products (BR) Ltd recorded an increase in investments and in creditors (see note 15).

On 26th of December 2011, Air Products(BR) Ltd fulfilled the terms of the contract and completed the purchase of the remaining 28% of Cryoservice Ltd. The shares held by Air Products Group GB01 have been transferred to GB02. Due to share buyback agreements between Air Products PLC and CryoService Ltd the shareholding of Cryoservices by GB02 increased from 75% to 85.14%.

As at 30 September 2012 the directors are of the opinion that the book value of the investments are not in excess of their fair value.

The companies in which the company's interest at the year end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held directly by the Company	
<i>Subsidiary undertakings</i>				
Air Products Ireland Limited	Ireland	Industrial gases	Ordinary shares	53 43%
Air Products (Chemicals) Teeside Limited	UK	Industrial gases	Ordinary shares	100 00%
Cryoservice Limited	UK	Industrial gases	Ordinary shares	85 14%

12 Stock

	2012 £000	2011 £000
Raw materials and consumables	531	386
Work in progress	193	280
Finished goods and goods for resale	711	533
	<u>1,435</u>	<u>1,199</u>

13 Debtors

	2012 £000	2011 £000
Trade debtors	7,001	7,664
Amounts owed by other group undertakings	54,870	51,458
Amounts owed by parent and subsidiary undertakings	41,733	14,931
Other debtors	24	6,201
	<u>103,628</u>	<u>80,254</u>

Notes (continued)

14 Creditors, amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	2,391	2,133
Amounts owed to other group undertakings	86,448	63,682
Amounts owed to parent and subsidiary undertakings	17,529	1,063
Amounts owed to associated company	4,163	2,938
Other creditors	212	166
Accruals and deferred income	13,292	48,678
Bank overdraft	1,604	25
	<u>125,639</u>	<u>118,685</u>

15 Creditors: amounts falling due after more than one year

	2012 £000	2011 £000
Long term customer advances	10	112
Other long term creditors	758	537
Amounts owed to associated company	270	813
	<u>1,038</u>	<u>1,462</u>

Amounts owed to associated company relates to a loan from Air Products Llanwern Limited of £540,000 (2011 £1,356,000) which is unsecured, interest free and is repayable in fifteen semi-annual instalments by 14 November 2013. Of this £270,000 (2010 £813,000) is due after more than one year and £270,000 (2011 £543,000) is due within one year.

Notes (continued)

16 Deferred taxation

The movement in the deferred taxation provision during the year was

	2012 £000	2011 £000
At beginning of year	(794)	(906)
Credit to the profit and loss for the year	-	10
Adjustment in respect of prior periods	(174)	36
Effect of change in tax rate from 27% to 25%	63	66
	<hr/>	<hr/>
At end of year	(904)	(794)
	<hr/>	<hr/>

The elements of deferred taxation are as follows

	2012 £000	2011 £000
Difference between accumulated depreciation and amortisation and capital allowances	(904)	(794)
	<hr/>	<hr/>
Deferred tax liability	(904)	(794)
	<hr/>	<hr/>

17 Called up share capital

	2012 £000	2011 £000
<i>Allotted, called up and fully paid</i>		
Equity 81,100,010 ordinary shares of £1 each	81,100	81,100
	<hr/>	<hr/>

18 Reserves

	Share premium account £000	Profit and loss account £000
At beginning of year	11,873	47,953
Profit for the financial year	-	16,816
Dividends paid	-	(16,000)
Additions to Share premium account	33,624	
	<hr/>	<hr/>
At end of year	45,497	48,769
	<hr/>	<hr/>

Notes (continued)

19 Commitments

a) Capital commitments at the end of the financial year for which no provision has been made, are as follows

	2012 £000	2011 £000
Contracted	22,985	436
	<u>22,985</u>	<u>436</u>

(b) Annual commitments under non-cancellable operating leases are as follows

	2012 Land and buildings £000	2011 Land and Buildings £000
Operating leases which expire		
Within one year	0	0
In the second to fifth year inclusive	2	2
Over five years	193	177
	<u>193</u>	<u>177</u>

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

The company is a wholly owned subsidiary of Air Products Group Limited, a company incorporated in Great Britain

The smallest group in which they are consolidated is that headed by Air Products Group Limited. The consolidated financial statements of these groups are available to the public at the company's registered office.

The largest group in which the results of the company are consolidated is that headed by Air Products and Chemicals Inc., the ultimate controlling party and a company incorporated in the State of Delaware, USA. 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