

**Air Products (BR) Limited**  
**Annual report and financial statements**

**Registered number 2532156**

**For the year ended 30 September 2016**

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## **Annual report and financial statements**

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## Strategic report

This strategic report has been prepared in accordance with The Companies Act 2006.

### 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.

The loss for the financial year was £19,842,000 (2015: loss £204,768,000) and the operating loss was £28,799,000 (2015: loss £213,520,000).

Industrial gas sales progressed satisfactorily during the year despite continuing competitive trading conditions.

However, as a result the Air Products Group continued exit from the energy from waste (EFW) business, the company's EFW related Air Separation Unit asset was further written down to its estimated net realizable value of £1,100,000 at 30 September 2016, recording an additional impairment charge of £6,030,000 in the year ended 30 September 2016. In addition, funding provided by the company to fellow Air Products Group entity, Air Products Renewable Energy Ltd, related to the construction of its EFW facility has been further provided for recording an additional impairment charge of £37,031,00 during the year.

### 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.

### Price risk, credit risk, liquidity risk and cash flow risk

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.

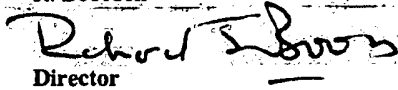
### Environmental matters

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.

By order of the board and signed on its behalf by:

R. Boocock

Director



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

20<sup>th</sup> October 2017

**Directors' report** (Registered number 2532156))

The directors present their annual report and the audited financial statement for the year ended 30 September 2016.

**Principal activities**

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

**Proposed dividend**

The directors proposed and paid a dividend of £nil during the year (2015: £15,355,000). The 2015 dividend was declared and paid on 28 September 2015 prior to the identification of issues with the Group's EfW facilities and consequent write down of the Company's assets and impairment of the Company's inter-company loans.

**Directors**

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

R. Boocock  
C. Stinner  
G. Weigard

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

**Political contributions**

The company made no political donations or incurred any political expenditure 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:

R. Boocock

  
Director

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

20<sup>th</sup> October 2017

## **Statement of directors' responsibilities in respect of the Strategic Report and the Directors' Report and the financial statements.**

The directors are responsible for preparing the Strategic Report and 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 2016, set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 auditor**

As explained more fully in the Statement of Directors' Responsibilities (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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on the 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 2016 and of its loss 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**

### **Opinion on other matters prescribed by the Companies Act 2006**

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

### **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

15 Canada Square  
Canary Wharf  
London  
E14 5GL

Date: 20th October 2017

**Profit and Loss Account**  
*as at 30 September 2016*

	Note	2016 £000	Restated 2015 £000
<b>Turnover</b>	<b>2</b>	<b>79,150</b>	<b>82,815</b>
Cost of sales		(64,383)	(67,494)
<b>Gross profit</b>		<b>14,767</b>	<b>15,321</b>
Administrative expenses		(505)	(556)
Impairment of fixed asset	9	(6,030)	(33,275)
Write down of amounts owed by fellow subsidiary	12	(37,031)	(195,010)
<b>Operating loss</b>		<b>(28,799)</b>	<b>(213,520)</b>
(Loss)/profit on sale of tangible fixed assets	3	-	(3)
Other interest receivable and similar income	6	16,764	19,699
Interest payable and similar charges	7	(13,571)	(14,740)
Other finance income		5,890	2,902
<b>Loss on ordinary activities before taxation</b>		<b>(19,716)</b>	<b>(205,662)</b>
Tax on profit on ordinary activities	8	(126)	894
<b>Loss for the financial year</b>		<b>(19,842)</b>	<b>(204,768)</b>

The turnover and operating (loss)/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.

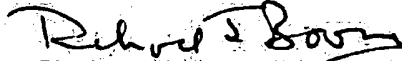


**Balance Sheet**  
*as at 30 September 2016*

	Note	2016 £000	2016 £000	Restated 2015 £000	Restated 2015 £000
<b>Fixed assets</b>					
Tangible assets	9		41,864		33,844
Investments	10		457,371		520,639
			<u>499,235</u>		<u>554,483</u>
<b>Current assets</b>					
Stock	11	2,038		2,091	
Debtors	13,17,18	139,191		187,258	
Cash at bank and in hand		9,109			
		<u>150,338</u>		<u>189,349</u>	
<b>Creditors: amounts falling due within one year</b>	14,17	<u>(333,673)</u>		<u>(347,332)</u>	
<b>Net current liabilities</b>			<u>(183,335)</u>		<u>(157,983)</u>
<b>Total assets less current liabilities</b>			<u>315,900</u>		<u>396,500</u>
<b>Creditors: amounts falling due after more than one year</b>	15,16,17		<u>(268,092)</u>		<u>(402,833)</u>
<b>Net assets/(liabilities)</b>			<u>47,808</u>		<u>(6,333)</u>
<b>Capital and reserves</b>					
Called up share capital	19		181,683		107,700
Share premium account			45,497		45,497
Profit and loss account			<u>(179,372)</u>		<u>(159,530)</u>
<b>Shareholders' funds/(deficit) – equity</b>			<u>47,808</u>		<u>(6,333)</u>

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

R. Boocock

  
Director

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

20<sup>th</sup> October 2017

Explanatory Notes from pages 9 to 22 form part of these financial statements

**Statement of Changes in Equity**  
*as at 30 September 2016*

	Share Capital	Share Premium	Retained Earnings	Total Equity
As 1 October 2014	107,700	45,497	52,523	205,720
Effect of change in accounting policy	-	-	8,070	8,070
As 1 October 2014 restated	107,700	45,497	60,593	213,790
Loss for the financial year	-	-	(204,768)	(204,768)
Dividends Paid	-	-	(15,355)	(15,355)
At 30 September 2015	107,700	45,497	(159,530)	(6,333)
Loss for the financial year	-	-	(19,842)	(19,842)
Share issue	73,983	-	-	73,983
At 30 September 2016	181,683	45,497	(179,372)	47,808

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### 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.

#### 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") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied.

The company has adopted FRS 102 for the first time in these financial statements. All adjustments necessary to prior year results are explained in note 17.

#### Basis of preparation

These financial statements are prepared on a going concern basis. 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.

#### Exemptions for qualifying entities under FRS 102

FRS102 allows a qualifying entity certain disclosure exemptions:

- The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its parent company, Air Products & Chemicals Inc, includes the company's cash flows in its own consolidated financial statements.
- The company has taken advantage of the exemption, under FRS 102 para 33.7 from disclosing total compensation of key management personnel.
- The company has taken advantage of the exemption for qualifying entities from certain financial instrument disclosures, on the basis that the equivalent disclosures are included in the consolidated financial statements of ultimate parent company.
- The company has taken advantage of the exemption, under FRS 33.1 (a), from disclosing related party transactions as they are all with other companies that are wholly owned by Air Products & Chemicals Inc.

The largest and smallest 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.

#### 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 Strategic Report on page 1.

Following the impairment charges recognised in 2015 and 2016 related to the Air Products Group's exit from the EfW business, the Company now has net current assets of £47,808,000 as at 30 September 2016 (2015: net liabilities £6,333,000). The financial statements have been prepared on a going concern basis.

Additionally, 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Fixed asset investments*

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less any provision for impairment.

#### *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 building-	-	between 10 to 30 years
Leasehold property-	-	period of the lease
Plant and machinery-	-	between 4 to 40 years

#### *Impairment of fixed assets*

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

#### *Calculation of recoverable amount*

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

#### *Reversals of impairment*

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, and the gains or losses on translation are included in the profit and loss account. If the transaction is hedged forward, the gains or losses arising on completion of this contract are recognised on the date of completion in the profit and loss account.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

#### *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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Classification of financial instruments issued by the Company*

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*

##### *Other debtors / creditors*

Other debtors are recognised initially at transaction price less attributable transaction costs. 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. 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 instrument for a similar debt instrument.

##### *Investments in subsidiaries, jointly controlled entities and associates*

These are separate financial statements of the company. Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment, with net revaluation gains recognised in OCI and net revaluation losses in profit or loss.

#### *Other financial instruments*

##### *Financial instruments not considered to be Basic financial instruments (Other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

##### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

#### **Borrowings**

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**

Stock is 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

#### *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 102.

#### *Long term contracts*

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less that transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable, within one year, on contracts are included in stocks and represent turnover recognised in excess of payments on account.

Amounts recoverable, over a year, on contracts are included in trade debtors and represent project revenue in excess of billing.

Interest costs incurred during the construction period on long-term contracts are included in work-in-progress.

#### *Turnover*

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

## Notes (continued)

### 1 Accounting policies (continued)

#### *Long term contracts*

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

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Interest costs incurred during the construction period on long-term contracts are included in work-in-progress.

## Notes (continued)

### 2 Analysis of turnover

All turnover and profits before taxation are derived from one activity, which arises in UK.

### 3 Notes to the profit and loss account

#### Profit on ordinary activities before taxation is stated

	2016 £000	2015 £000
<i>After charging:</i>		
Depreciation – owned assets (Note 10)	3,837	9,466
Impairment of fixed assets	6,030	33,275
Write down of amounts owed by fellow subsidiary	37,031	195,010
Hire of plant and machinery – operating leases	115	148
Hire of other assets - operating leases	1,106	1,070
Loss/Profit on sale of fixed assets	-	3

The Auditor's remuneration in respect of the audit of these financial statements was £20,404 (2015: £20,404)

### 4 Remuneration of directors

For the services rendered by the directors of the company an amount of £5,700 (2015: £5,700) has been paid by another company in the Air Products & Chemicals Inc group.

### 5 Staff numbers and costs

The company has no employees and staff costs as it relies on Air Products PLC for the provision of operational, administrative and management services.

### 6 Other interest receivable and similar income

	2016 £000	Restated 2015 £000
Receivables from group undertakings	14,005	16,686
Bank interest	15	49
Interest from finance lease	2,744	2,964
	<u>16,764</u>	<u>19,699</u>



## Notes (continued)

### 7 Interest payable and similar charges

	2016 £000	Restated 2015 £000
Payable to group undertakings	(13,030)	(14,649)
Third party interest	(541)	(91)
	<u>(13,571)</u>	<u>(14,740)</u>

### 8 Taxation

#### Analysis of charge in period:

	2016 £000	Restated 2015 £000
<i>UK corporation tax</i>		
Current tax on income for the period	404	5,061
Adjustment in respect of prior periods	589	9
Foreign tax	11	427
Tax Relief	(11)	(234)
Total current tax	<u>993</u>	<u>5,263</u>
<i>Deferred tax (see note 16)</i>		
Origination / reversal of timing differences	(577)	(6,157)
Adjustment in respect of prior periods	(290)	-
Tax on loss on ordinary activities	<u>126</u>	<u>(894)</u>

#### Reconciliation of effective tax rate

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2015 – lower than the standard rate of corporation tax in the UK) of 20% (2015: 20.5%).

	2016 £000	Restated 2015 £000
Loss on ordinary activities before tax	(19,716)	(205,662)
Current tax at 20% (20.5% FY15)	<u>(3,944)</u>	<u>(42,161)</u>
<i>Effects of:</i>		
Expenses not deductible/ Income not taxable for tax purposes	7,407	39,988
Adjustment in respect of prior periods	299	(9)
Group Relief	(3,673)	-
Fixed asset impairment	-	1,050
Other timing differences	37	(103)
Foreign tax	11	575
Tax relief	(11)	(234)
Total tax expense (see above)	<u>126</u>	<u>(894)</u>

## Notes (continued)

### 8 Taxation (continued)

#### Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016.

### 9 Tangible fixed assets

	Freehold property	Restated Plant and machinery	Assets under construction	Total
Cost	£000	£000	£000	£000
At beginning of year	2,865	145,888	18,329	167,082
Additions	-	9,020	8,872	17,892
Impairment	-	-	(6,030)	(6,030)
Disposals	(94)	(1,546)	-	(1,640)
Transfers	-	12,224	(12,224)	-
At end of year	<u>2,771</u>	<u>165,586</u>	<u>8,947</u>	<u>177,304</u>
<b>Depreciation</b>				
At beginning of year (restated)	2,238	131,000	-	133,238
Charge for the year	80	3,757	-	3,837
On disposals	(93)	(1,542)	-	(1,635)
At end of year	<u>2,225</u>	<u>133,215</u>	<u>-</u>	<u>135,440</u>
<b>Net book value</b>				
At 30 September 2016	<u>546</u>	<u>32,371</u>	<u>8,947</u>	<u>41,864</u>
At 30 September 2015 (restated)	<u>627</u>	<u>14,888</u>	<u>18,329</u>	<u>33,844</u>

On 29 March 2016, the Board of Directors of the Company's ultimate parent, Air Products and Chemicals, Inc, confirmed the Air Products Group's exit from its Energy-from-Waste (EfW) business. As a result, the Company's EfW related Air Separation Unit asset, previously recorded as construction in progress, has been written down to its estimated net realizable value of £1,100,000 at 30 September 2016 recording an impairment charge of £6,030,000 in the year ended 30 September 2016. The net realizable value of the assets has been estimated assuming an orderly liquidation of assets capable of being marketed on a secondary equipment market. An asset's orderly liquidation value is the amount that could be realized from a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), selling the asset in the existing condition where it is located and assuming the highest and best use of the asset by market participants.

## 10 Investments

	Loans to parent company £000	Shares in group undertakings £000	Total £000
<i>Cost</i>			
At beginning of year	401,559	119,080	520,639
Acquisitions during the year	-	73,983	73,983
Repayments	(175,169)	-	(175,169)
Foreign exchange retranslation	37,918	-	37,918
	<u>264,308</u>	<u>193,063</u>	<u>457,371</u>
At 30 September 2016	264,308	193,063	457,371
At 30 September 2015	<u>401,559</u>	<u>119,080</u>	<u>520,639</u>

	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	100.00%
Air Products (Chemicals) Teeside Limited	UK	Industrial gases	Ordinary shares	100.00%
Cryoservice Limited	UK	Industrial gases	Ordinary shares	85.14%

## 11 Stock

	2016 £000	2015 £000
Raw materials and consumables	1,361	1,260
Work in progress	32	-
Finished goods and goods for resale	645	831
	<u>2,038</u>	<u>2,091</u>

## 12 Debtors

	2016 £000	Restated 2015 £000
Trade debtors	2,774	4,501
Amounts owed by group undertakings	55,418	119,854
Other debtors	1,127	926
Prepayments and accrued income	1,988	120
Derivative financial instruments	21,913	2,568
Finance Lease receivable	47,917	52,102
Net deferred tax assets (see note 16)	8,054	7,187
	<u>139,191</u>	<u>187,258</u>

On 29 March 2016, the Board of Directors of the Company's ultimate parent, Air Products and Chemicals, Inc, confirmed the Air Products Group's exit from its Energy-from-Waste (EfW) business. As a result, funding provided by the Company to fellow Air Products Group entity, Air Products Renewable Energy Ltd, related to the construction of its EfW facility has been fully provided for recording an impairment charge of £37,030,540 in the year ended 30 September 2016.

**Notes (continued)**

**13 Creditors: amounts falling due within one year**

	2016 £000	Restated 2015 £000
Trade creditors	1,924	3,126
Amounts owed to group undertakings	308,688	329,538
Other creditors	966	533
Accruals and deferred income	4,539	6,775
Derivative financial instruments	13,522	178
Payments on account	4,034	3,859
Bank overdraft	-	3,323
	<u>333,673</u>	<u>347,332</u>

**14 Creditors: amounts falling due after more than one year**

	2016 £000	2015 £000
Other long term creditors	1,854	-
Loans from group undertakings	264,308	402,833
Derivative financial instruments	111	-
Provisions	1,819	-
	<u>268,092</u>	<u>402,833</u>

**15 Provision**

	Asset retirement obligation	Onerous contract provision	Total
At 1 October 2015	-	-	-
Additions	605	1,214	1,819
	<u>605</u>	<u>1,214</u>	<u>1,819</u>
At 30 September 2016	605	1,214	1,819

**Asset retirement obligations**

Following the decision to exit the EFW business, the company has recognised an asset retirement obligation in relation to the demolition and removal of plant assets.

**Onerous lease provisions**

Following the decision to exit the EFW business, the company has recognised a provision for contract obligations that have become onerous in nature.

## Notes (continued)

### 16 Financial instruments

The carrying amounts of the financial assets and liabilities measured at fair value are:

	2016 £000	2015 £000
Assets measured at fair value through profit or loss	21,913	2,568
Liabilities measured at fair value through profit or loss	(13,633)	(178)
	<u>8,280</u>	<u>2,390</u>

The fair value of derivative financial instruments is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

### 17 Deferred taxation

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

	2016 £000	2015 £000
At beginning of year	7,187	1,030
Deferred tax credit in Profit and Loss Account for the year	867	6,157
	<u>8,054</u>	<u>7,187</u>

The elements of deferred taxation are as follows:

	2016 £000	2015 £000
Timing differences on fixed assets	1,438	2,584
Fixed asset impairment	6,982	5,081
Derivate financial instruments	(366)	(478)
	<u>8,054</u>	<u>7,187</u>

### 19 Called up share capital

	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>		
Equity: 181,682,627 (2015: 107,100,010) ordinary shares of £1 each	<u>181,683</u>	<u>107,700</u>

In September 2016, the company issued 73,982,617 new ordinary shares of £1 to Air Products Group Ltd.

**Notes (continued)**

**20 Commitments**

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

	2016 £000	2015 £000
Contracted	2,167	7,876

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

	2016 Land and buildings £000	2015 Land and buildings £000
Operating leases which expire:		
Within one year	513	513
In the second to fifth year inclusive	2,016	2,056
Over five years	5,221	17,174

**21 Transition to FRS 102**

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 30 September 2015. The date of transition to FRS 102 was 1 October 2014.

Set out below are the changes in accounting policies which reconcile the profit for the financial year ended 30 September 2015 and the total equity as at 1 October 2014 and 30 September 2015 between UK GAAP as previously reported and FRS 102.

<i>Loss for the financial year</i>	<i>Note</i>	<i>2015 £'000</i>
UK GAAP – Loss as previously reported		(208,085)
Fair value of derivative financial instruments	(a)	2,902
Embedded lease arrangement	(b)	1,244
<b>Total adjustment to profit before tax for the financial year</b>		<b>4,146</b>
Deferred tax impact of adjustments above	(c)	(829)
<b>Total adjustment to profit for the financial year</b>		<b>(3,317)</b>
<b>FRS 102</b>		<b>(204,768)</b>

**Notes (continued)**

**21 Transition to FRS 102 (continued)**

**Total equity/Net Assets**

	Note	30 Sept 2015 £000	1 Oct 2014 £000
<b>Total Equity as previously reported</b>		<b>(17,720)</b>	<b>205,720</b>
Derivative financial instruments	(a)	2,390	(512)
Embedded lease arrangement	(b)	11,844	10,600
Deferred tax impact of adjustments above	(c)	(2,847)	(2,018)
<b>Total Equity under FRS 102</b>		<b>(6,333)</b>	<b>213,790</b>

**(a) Derivative financial instruments**

Under previous UK GAAP the company did not record the fair value of certain unrealised derivative financial instruments (forward exchange contracts) on the balance sheet. Under FRS 102 the fair value of any open instruments at the balance sheet date has been recorded in Other Assets (£2,390k at 30 September 2015) or Other Creditors (£512k at 30 September 2014) with the corresponding movement in fair value recorded in the income statement.

The effect of the change has led to an increase in the profit and loss account in the year to 30 September 2015 by £2,902k.

**(b) Embedded lease arrangements**

The Company has entered into take-or-pay contracts which convey the right to use an asset for a series of payments. This transaction is in substance a lease arrangement and under FRS 102 is treated as such.

The effect of the change has led to an increase in the profit and loss account in the year to 30 September 2015 by £1,244k, a decrease in property plant and equipment by £40,636k (30 September 2014: £45,742k) and increase in the Debtors balance by £52,480k (30 September 2014: £56,342k).

**(c) Deferred tax impact of adjustments**

The net impact of the adjustments (a) – (b) detailed above is as follows:

Each adjustment has a deferred tax impact at the tax rate being 20%. The impact for the year ending 30 September 2014 is a decrease in deferred tax of £2,018k (£2,120k from the take-or-pay arrangement offset by £102k from the derivative). The corresponding entry is an increase in retained earnings.

The impact for the year ending 30 September 2015 is a decrease in deferred tax of £2,847k (£2,369k from the take-or-pay arrangement and £478k increase from the derivative financial instrument). The corresponding entry is a decrease to tax credit of £829k and a decrease in retained earnings of £2,018.

**Notes (continued)**

**22 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