

**Air Products (BR) Limited**

**Annual report and financial statements**

**Registered number 2532156**

**For the year ended 30 September 2014**

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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.

Industrial gas sales progressed satisfactorily during the year despite continuing competitive trading conditions. The profit for the financial year was £24,651,000 (2013: £15,662,000) and the operating profit was £19,767,000 (2013: £19,790,000).

### 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.

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



**D. Leney**

Director

17<sup>th</sup> of June 2015

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

The directors present their annual report and the audited financial statement for the year ended 30 September 2014.

### **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 £20,300,400 during the year (2013: £16,259,447).

### **Directors**

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

D. Leney  
W. Morrison-Bell  
P. Neligan  
T. Hammons, Jr.  
E. Pescod  
M. Sambrook

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:



**D. Leney**

Director

Hersham Place Technology Park  
Molesey Road  
Walton-on-Thames  
Surrey  
KT12 4RZ  
17<sup>th</sup> of June 2015

## **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.

## **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 2014 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 auditor**

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 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 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<sup>th</sup> September 2014 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.

### **Opinion on other matter 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.

### **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

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

- 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.



**Adrian Collier (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: 23 JUNE 2015

**Profit and Loss Account**  
*as at 30 September 2014*

	<i>Note</i>	<b>2014</b> <b>£000</b>	2013 £000
<b>Turnover</b>	<b>2</b>	<b>96,167</b>	94,608
Cost of sales		<b>(75,817)</b>	(74,215)
<b>Gross profit</b>		<b>20,350</b>	20,393
Administrative expenses		<b>(583)</b>	(603)
<b>Operating profit</b>		<b>19,767</b>	19,790
Profit/loss on sale of tangible fixed assets	3	<b>(28)</b>	(43)
Income from other fixed assets investments	6	<b>9,593</b>	-
Other interest receivable and similar income	7	<b>8,213</b>	1,090
Interest payable and similar charges	8	<b>(7,249)</b>	(227)
<b>Profit on ordinary activities before taxation</b>		<b>30,296</b>	20,610
Tax on profit on ordinary activities	9	<b>(5,645)</b>	(4,948)
<b>Profit for the financial year</b>	<b>18</b>	<b>24,651</b>	15,662

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

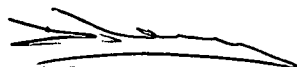
There are no recognised gains or losses in the current or prior year other than those charged to the profit and loss account.

The notes on pages 9 to 17 form part of these financial statements.

**Balance Sheet**  
*as at 30 September 2014*

	<i>Note</i>	<b>2014</b> <b>£000</b>	<b>2014</b> <b>£000</b>	<b>2013</b> <b>£000</b>	<b>2013</b> <b>£000</b>
<b>Fixed assets</b>					
Tangible assets	10		<b>94,049</b>		<b>77,575</b>
Investments	11		<b>287,111</b>		<b>287,111</b>
			<hr/>		<hr/>
			<b>381,160</b>		<b>364,686</b>
 <b>Current assets</b>					
Stock	12	<b>2,059</b>		<b>1,414</b>	
Debtors	13,16	<b>147,346</b>		<b>61,817</b>	
Cash at bank and in hand		<b>36,647</b>		<b>355</b>	
		<hr/>		<hr/>	
			<b>186,052</b>	<b>63,586</b>	
 <b>Creditors: amounts falling due within one year</b>	14	<b>(191,981)</b>		<b>(85,419)</b>	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			<b>(5,929)</b>		<b>(21,833)</b>
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			<b>375,231</b>		<b>342,853</b>
 <b>Creditors: amounts falling due after more than one year</b>	15		<b>(169,511)</b>		<b>(168,084)</b>
			<hr/>		<hr/>
<b>Net assets</b>			<b>205,720</b>		<b>174,769</b>
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	17		<b>107,700</b>		<b>81,100</b>
Share premium account	18		<b>45,497</b>		<b>45,497</b>
Profit and loss account	18		<b>52,523</b>		<b>48,172</b>
			<hr/>		<hr/>
<b>Shareholders' funds – equity</b>			<b>205,720</b>		<b>174,769</b>
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 17<sup>th</sup> of June 2015 and were signed on its behalf by:

  
**D. Leney**

*Director*

Company registration number **2532156**

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

**Reconciliation of Movements in Shareholders' Funds**  
*as at 30 September 2014*

	<b>2014</b> <b>£000</b>	<b>2013</b> <b>£000</b>
Profit for the financial year	<b>24,651</b>	15,662
Dividends paid	<b>(20,300)</b>	(16,259)
Share Capital Addition	<b>26,600</b>	-
	<hr/>	<hr/>
<b>Net addition/(reduction) to equity shareholders' funds</b>	<b>30,951</b>	(597)
Opening equity shareholders' funds	174,769	175,366
	<hr/>	<hr/>
<b>Closing equity shareholders' funds</b>	<b>205,720</b>	174,769
	<hr/>	<hr/>

## 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 Strategic Report on page 1.

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

#### *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**

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

## Notes (continued)

### 3 Notes to the profit and loss account

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

	2014 £000	2013 £000
<i>After charging:</i>		
Depreciation – owned assets (Note 10)	9,520	10,085
Hire of plant and machinery – operating leases	178	189
Hire of other assets - operating leases	1,267	696
Profit/Loss on sale of fixed assets	28	43
	<u>          </u>	<u>          </u>

The Auditor's remuneration in respect of the audit of these financial statements was £20,000 (2013: £15,618)

### 4 Remuneration of directors

No director received any emoluments in connection with their services as a director of the Company during the year (2013: £nil).

### 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 Income from other fixed asset investments

	2014 £000	2013 £000
Dividends from fixed asset investments in group undertakings	9,593	-
	<u>          </u>	<u>          </u>

### 7 Other interest receivable and similar income

	2014 £000	2013 £000
Receivables from group undertakings	8,181	1,082
Bank interest	32	8
	<u>          </u>	<u>          </u>
	8,213	1,090
	<u>          </u>	<u>          </u>

## Notes (continued)

### 8 Interest payable and similar charges

	2014 £000	2013 £000
Payable to group undertakings	(7,173)	(90)
Third party interest	(76)	(137)
	<u>(7,249)</u>	<u>(227)</u>

### 9 Taxation

Analysis of charge in period:

	2014 £000	2013 £000
<i>UK corporation tax</i>		
Current tax on income for the period	6,698	7,234
Adjustment in respect of prior periods	368	(191)
Foreign tax	582	218
Tax Relief	(69)	(227)
	<u>7,579</u>	<u>7,034</u>
<i>Deferred tax (see note 16)</i>		
Origination / reversal of timing differences	(1,912)	(2,380)
Adjustment in respect of prior periods	(22)	59
Effect of change in tax rate	-	235
	<u>5,645</u>	<u>4,948</u>

#### Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2013: higher) than the standard rate of corporation tax in the UK of 22% (2013: 23.5%). The differences are explained below.

	2014 £000	2013 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	30,296	20,611
	<u>6,665</u>	<u>4,843</u>
Current tax at 22 % (23.5% FY13)		
<i>Effects of:</i>		
Income not taxable/Expenses not deductible for tax purposes	(2,092)	11
Depreciation for period in excess of capital allowances	2,125	2,380
Adjustment in respect of prior periods	368	(191)
Foreign tax	582	218
Tax relief	(69)	(227)
	<u>7,579</u>	<u>7,034</u>

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

The UK corporation tax rate was 23% from 1 April 2013, reducing to 21% from 1 April 2014. This gives a tax rate of 22% for the year ended 31 December 2014. The corporation tax rate is due to fall to 20% from 1 April 2015.

## Notes (continued)

### 10 Tangible fixed assets

	Freehold property	Plant and machinery	Assets under construction	Total
<i>Cost</i>	£000	£000	£000	£000
At beginning of year	2,821	216,915	7,112	226,848
Additions	-	3,336	22,687	26,023
Disposals	(14)	(482)	-	(496)
Transfer between items	-	694	(694)	-
At end of year	<u>2,807</u>	<u>220,463</u>	<u>29,105</u>	<u>252,375</u>
<i>Depreciation</i>				
At beginning of year	2,023	147,250	-	149,274
Charge for the year	97	9,423	-	9,520
On disposals	(14)	(454)	-	(468)
At end of year	<u>2,106</u>	<u>156,219</u>	<u>-</u>	<u>158,326</u>
<i>Net book value</i>				
At 30 September 2014	<u>701</u>	<u>64,244</u>	<u>29,105</u>	<u>94,049</u>
At 30 September 2013	<u>798</u>	<u>69,665</u>	<u>7,112</u>	<u>77,575</u>

## 11 Investments

	Loans to parent company £000	Shares in group undertakings £000	Total £000
<i>Cost</i>			
At beginning of year	168,031	119,080	287,111
Acquisitions during the year	-	-	-
	<u>168,031</u>	<u>119,080</u>	<u>287,111</u>
<b>At 30 September 2014</b>	<b>168,031</b>	<b>119,080</b>	<b>287,111</b>
At 30 September 2013	168,031	119,080	287,111
	<u>168,031</u>	<u>119,080</u>	<u>287,111</u>

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

	2014 £000	2013 £000
Raw materials and consumables	1,079	663
Work in progress	192	85
Finished goods and goods for resale	788	666
	<u>2,059</u>	<u>1,414</u>

## 13 Debtors

	2014 £000	2013 £000
Trade debtors	6,742	7,316
Amounts owed by group undertakings	136,993	52,765
Other debtors	565	624
Net deferred tax assets (see note 16)	3,046	1,112
	<u>147,346</u>	<u>61,817</u>

## Notes (continued)

### 14 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	4,042	4,857
Amounts owed to group undertakings	168,640	65,879
Other creditors	410	11
Accruals and deferred income	14,267	14,573
Bank overdraft	4,622	99
	<u>191,981</u>	<u>85,419</u>

### 15 Creditors: amounts falling due after more than one year

	2014 £000	2013 £000
Other long term creditors	121	53
Loans from group undertakings	169,390	168,031
	<u>169,511</u>	<u>168,084</u>

### 16 Deferred taxation

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

	2014 £000	2013 £000
At beginning of year	1,112	(904)
Deferred tax credit in Profit and Loss Account for the year	1,934	2,321
Effect of change in tax rate	-	(235)
Transfer of deferred tax balances from Air Products Teesside Limited	-	(70)
At end of year	<u>3,046</u>	<u>1,112</u>

The elements of deferred taxation are as follows:

	2014 £000	2013 £000
Difference between accumulated depreciation and amortisation and capital allowances	3,046	1,112
Deferred tax asset / (liability)	<u>3,046</u>	<u>1,112</u>

**Notes** *(continued)*

**17 Called up share capital**

	2014 £000	2013 £000
<i>Allotted, called up and fully paid</i>		
Equity: 107,100,010 ordinary shares of £1 each	107,700	81,100
	<u>107,700</u>	<u>81,100</u>

**18 Reserves**

	Share premium account £000	Profit and loss account £000
At beginning of year	45,497	48,172
Profit for the financial year	-	24,651
Dividends paid	-	(20,300)
	<u>45,497</u>	<u>52,523</u>
At end of year	<u>45,497</u>	<u>52,523</u>

**Notes (continued)**

**19 Commitments**

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

	2014 £000	2013 £000
Contracted	10,485	26,176

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

	2014 Land and buildings £000	2013 Land and buildings £000
Operating leases which expire:		
Within one year	-	-
In the second to fifth year inclusive	-	2
Over five years	488	214

**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