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BRITISH OXYGEN (HONG KONG) LIMITED FC013029

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2009

TUESDAY



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COMPANIES HOUSE

## **BRITISH OXYGEN (HONG KONG) LIMITED**

### **REPORT OF THE DIRECTORS**

The directors submit their report together with the audited financial statements of British Oxygen (Hong Kong) Limited ("the Company") for the year ended 31 December 2009

#### **Principal activity**

The Company remained inactive during the year

#### **Results and appropriations**

The results of the Company for the year are set out in the statement of comprehensive income on page 6

The directors do not recommend the payment of a dividend

#### **Directors**

The directors during the year were

Mr Andrew Christopher BRACKFIELD

Dr Thorben FINKEN

(appointed on 3 June 2009)

There being no provision in the Company's Articles of Association for retirement by rotation, both directors continue in office

#### **Directors' interests**

No contracts of significance in relation to the Company's business to which the Company or its holding companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

The directors were granted options to subscribe for shares of the ultimate holding company in respect of their services provided to other group companies

Apart from the above, at no time during the year was the Company or its holding companies a party to any arrangement to enable the directors of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations

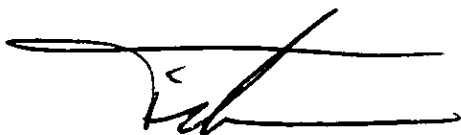
#### **Management contracts**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year

**Auditor**

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment

On behalf of the Board

A handwritten signature in black ink, consisting of a stylized 'C' followed by a diagonal stroke and a horizontal line.

Chairman

England, 21 FEB 2011

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF  
BRITISH OXYGEN (HONG KONG) LIMITED**  
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of British Oxygen (Hong Kong) Limited set out on the pages 5 to 15, which comprise the balance sheet as at 31 December 2009, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes

**Director's responsibility for the financial statements**

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

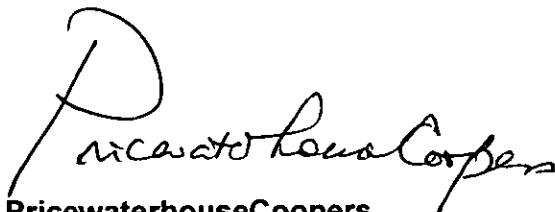
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF  
BRITISH OXYGEN (HONG KONG) LIMITED (CONTINUED)**  
(Incorporated in Hong Kong with limited liability)

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2009 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance

A large, stylized handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', is written over the printed name of the firm.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 21 FEB 2011

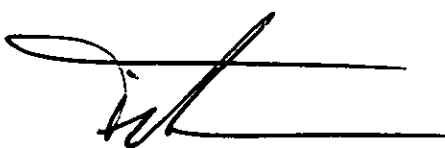
**BRITISH OXYGEN (HONG KONG) LIMITED**


(All amounts in Hong Kong dollars unless otherwise stated)

**BALANCE SHEET**

|   |      | <u>As at 31 December</u> |                   |
|---|------|--------------------------|-------------------|
|   | Note | 2009                     | 2008              |
| <b>ASSETS</b>                                       |      |                          |                   |
| <b>Current assets</b>                               |      |                          |                   |
| Amount due from immediate holding Company           | 6    | <u>80,740,387</u>        | <u>80,760,130</u> |
| <b>EQUITY</b>                                       |      |                          |                   |
| <b>Capital attributable to owner of the company</b> |      |                          |                   |
| Share capital                                       | 7    | 557,000                  | 557,000           |
| Share premium                                       |      | 66,908,903               | 66,908,903        |
| Retained earnings                                   |      | <u>13,116,684</u>        | <u>13,217,984</u> |
| <b>Total equity</b>                                 |      | <u>80,582,587</u>        | <u>80,683,887</u> |
| <b>LIABILITIES</b>                                  |      |                          |                   |
| <b>Current and total liabilities</b>                |      |                          |                   |
| Accrued charges                                     | 8    | <u>157,800</u>           | <u>76,243</u>     |
| <b>Total equity and liabilities</b>                 |      | <u>80,740,387</u>        | <u>80,760,130</u> |

The financial statements on pages 5 to 15 were approved by the Board of Directors on  
21 February 2011 and were signed on its behalf

  
Director

  
Director

The notes on pages 9 to 15 are an integral part of these financial statements

**BRITISH OXYGEN (HONG KONG) LIMITED**

(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF COMPREHENSIVE INCOME**

|  | Note | <u>Year ended 31 December</u> |                  |
|--|------|-------------------------------|------------------|
|  |      | 2009                          | 2008             |
| Revenue  | 9    | -                             | -                |
| Administrative expenses                        | 10   | (101,300)                     | (147,438)        |
| <b>Loss for the year</b>                       |      | <u>(101,300)</u>              | <u>(147,438)</u> |
| Other comprehensive income for the year        |      | -                             | -                |
| <b>Total comprehensive income for the year</b> |      | <u>(101,300)</u>              | <u>(147,438)</u> |

The notes on pages 9 to 15 are an integral part of these financial statements

**BRITISH OXYGEN (HONG KONG) LIMITED**

(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF CHANGES IN EQUITY**

|  | Attributable to owner<br>of the Company |                  |                      | Total      |
|--|---|------------------|----------------------|------------|
|  | Share<br>capital                        | Share<br>premium | Retained<br>earnings |            |
| <b>Balance at 1 January 2008</b>                                 | 557,000                                 | 66,908,903       | 13,365,422           | 80,831,325 |
| Total comprehensive<br>income for the year                       | -                                       | -                | (147,438)            | (147,438)  |
| <b>Balance at 31 December<br/>2008 and at 1 January<br/>2009</b> | 557,000                                 | 66,908,903       | 13,217,984           | 80,683,887 |
| Total comprehensive<br>income for the year                       | -                                       | -                | (101,300)            | (101,300)  |
| <b>Balance at 31 December<br/>2009</b>                           | 557,000                                 | 66,908,903       | 13,116,684           | 80,582,587 |

The notes on pages 9 to 15 are an integral part of these financial statements



**BRITISH OXYGEN (HONG KONG) LIMITED**

(All amounts in Hong Kong dollars unless otherwise stated)

**STATEMENT OF CASH FLOWS**

Year ended 31 December  
2009                      2008

**Cash flows from operating activities**

|   |           |           |
|---|-----------|-----------|
| Loss for the year                           | (101,300) | (147,438) |
| Changes in working capital                  |           |           |
| - Amount due from immediate holding Company | 19,743    | 142,195   |
| - Accrued charges                           | 81,557    | 5,243     |

Net cash generated from operating activities

**Net change in cash and cash equivalents**

Cash and cash equivalents at beginning of the year

**Cash and cash equivalents at end of the year**

The notes on pages 9 to 15 are an integral part of these financial statements

## **BRITISH OXYGEN (HONG KONG) LIMITED**

(All amounts in Hong Kong dollars unless otherwise stated)

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1 General information**

British Oxygen (Hong Kong) Limited (the "Company") remained inactive during the year

The Company is a limited liability Company incorporated in Hong Kong. The address of its registered office is Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong.

These financial statements are presented in Hong Kong dollars unless otherwise stated. They have been approved for issue by the Board of Directors on 21 FEB 2011.

#### **2 Summary of significant accounting policies**

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.

##### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

- (a) Standard, amendments and interpretations to existing standards which are relevant to the Company and effective from 1 January 2009

Hong Kong Accounting Standard ("HKAS") No 1 (revised) "Presentation of financial statements"

The revised standard prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity in a statement of comprehensive income. As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been represented that it also is in conformity with the revised standard. The change in accounting policy only impacts presentation aspects.

## **BRITISH OXYGEN (HONG KONG) LIMITED**

(All amounts in Hong Kong dollars unless otherwise stated)

### **NOTES TO THE FINANCIAL STATEMENTS**

## **2 Summary of significant accounting policies (Continued)**

### **2.1 Basis of preparation (Continued)**

- (a) Standard, amendments and interpretations to existing standards which are relevant to the Company and effective from 1 January 2009 (Continued)

#### HKFRS 7 "Financial Instruments - Disclosures" (amendment)

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. However, no disclosure of fair value measurements by level of fair value hierarchy was required in these financial statements as no financial instruments are measured on fair value under the three-level-hierarchy basis.

- (b) Standards, amendments and interpretations to existing standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards (collectively, the "New Standards") have been published that are mandatory for accounting periods commencing on or after 1 January 2010. Some of the New Standards are relevant and applicable to the Company, however, they have not been adopted early in these financial statements. The Company has commenced, but not yet completed, an assessment of the impact of the applicable New Standards on its results of operations and financial positions. The directors are of the view that the impact on the financial statements will not be significant other than certain additional disclosures.

### **2.2 Foreign currency translation**

- (a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

- (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

## **BRITISH OXYGEN (HONG KONG) LIMITED**

(All amounts in Hong Kong dollars unless otherwise stated)

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of significant accounting policies (Continued)**

##### **2.3 Receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Receivables, including amount due from immediate holding company, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

##### **2.4 Share capital**

Ordinary shares are classified as equity.

##### **2.5 Payables**

Payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### **2.6 Current and deferred income tax**

The tax expense for the period comprises current income tax and deferred income tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## **BRITISH OXYGEN (HONG KONG) LIMITED**

(All amounts in Hong Kong dollars unless otherwise stated)

### **NOTES TO THE FINANCIAL STATEMENTS**

## **2 Summary of significant accounting policies (Continued)**

### **2.6 Current and deferred income tax (Continued)**

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## **3 Financial and capital risks management**

### **3.1 Financial risk factors**

The Company's activities are exposed to the following financial risks as follows:

#### **(a) Foreign exchange risk**

Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The directors are of the opinion the Company's business activities are not exposed to significant foreign exchange risk as it is inactive and, accordingly, no sensitivity analysis is performed.

#### **(b) Credit risk**

The Company's credit risk is primarily attributable to a receivable from its immediate holding Company. In the opinion of the directors, the exposure to credit risk is considered to be low as no default payment is noted and the financial risk of the immediate holding company is sound.

#### **(c) Liquidity risk**

Prudent liquidity risk management implies the availability of funding from its immediate holding Company to meet its financial commitments so as to enable the Company to meet its liabilities as and when they fall due.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

**BRITISH OXYGEN (HONG KONG) LIMITED**

(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS****3 Financial and capital risks management (Continued)****3.1 Financial risk factors (Continued)****(c) Liquidity risk (Continued)**

As at 31 December 2009, the maturity analysis of accrued charges is as follows

|                           | 2009           | 2008          |
|---------------------------|----------------|---------------|
| <u>Less than one year</u> |                |               |
| Accrued charges           | <u>157,800</u> | <u>76,243</u> |

**(d) Cash flow interest rate risks**

The Company has no interest-bearing assets or liabilities. Accordingly, in the opinion of the directors, the cash flow interest rate risks are low and no sensitivity analysis is performed.

**3.2 Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to the shareholder, to procure adequate financial resources from the shareholder and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt.

**3.3 Fair value estimation**

The carrying value less impairment provision of receivables and payables, as well as amounts due from the immediate holding company are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments, unless the effect of discounting will be immaterial.

**4 Critical accounting estimates and judgements**

Estimates and judgements are evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, there are no estimates or assumptions used in these financial statements that the directors expect will have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

**BRITISH OXYGEN (HONG KONG) LIMITED**

(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS****5 Financial instruments by category**

The Company's financial instruments include the following

|  | 2009              | 2008              |
|--|-------------------|-------------------|
| <b>Financial assets - loans and receivables at amortised cost</b>            |                   |                   |
| Amount due from immediate holding Company                                    | <u>80,740,387</u> | <u>80,760,130</u> |
| <b>Financial liabilities - other financial liabilities at amortised cost</b> |                   |                   |
| Accrued charges  | <u>157,800</u>    | <u>76,243</u>     |

**6 Amount due from immediate holding Company**

The amount due is unsecured, interest-free, repayable on demand and approximate its fair value as at 31 December 2009 and 2008 respectively

There are no past due, impaired or default receivables as at 31 December 2009 and 2008

**7 Share capital**

|                                       | 2009           | 2008           |
|---------------------------------------|----------------|----------------|
| Authorised, issued and fully paid     |                |                |
| 55,700 Ordinary shares of HK\$10 each | <u>557,000</u> | <u>557,000</u> |

**8 Accrued charges**

The carrying amounts of accrued charges approximate their fair values as at 31 December 2009 and 2008 respectively and are denominated in Hong Kong dollars

**9 Revenue**

The Company remained inactive during the year and no turnover has been generated (2008 Nil)

**BRITISH OXYGEN (HONG KONG) LIMITED**

(All amounts in Hong Kong dollars unless otherwise stated)

**NOTES TO THE FINANCIAL STATEMENTS****10 Administrative expenses**

|                                 | 2009           | 2008           |
|---------------------------------|----------------|----------------|
| Auditor's remuneration          |                |                |
| - current year                  | 55,000         | 53,000         |
| - underprovision in prior years | 2,000          | 8,000          |
| Professional fees               | 44,300         | 81,500         |
| Sundry expenses                 | -              | 4,938          |
| Total                           | <u>101,300</u> | <u>147,438</u> |

**11 Income tax expense**

No provision for Hong Kong profits tax has been made in the financial statements as the Company has no estimated assessable profit for the year (2008 Nil)

The tax on the Company's loss for the year differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows

|  | 2009             | 2008             |
|--|------------------|------------------|
| Loss for the year                              | <u>(101,300)</u> | <u>(147,438)</u> |
| Calculated at a tax rate of 16.5% (2008 16.5%) | (16,715)         | (24,327)         |
| Expenses not deductible for tax purposes       | <u>16,715</u>    | <u>24,327</u>    |
| Income tax expense                             | <u>-</u>         | <u>-</u>         |

There was no material unprovided deferred taxation for the year and at the balance sheet date (2008 Nil)

**12 Directors' emoluments (equivalent to key management compensation)**

None of the directors received or will receive any fees or other emoluments in respect of their services to the Company during the year (2008 Nil)

**13 Related party transactions**

The Company is controlled by BOC Holdings, a Company incorporated in England, which owns 100% (2008 100%) of the Company's equity interest. The directors regard Linde AG, a Company incorporated in Germany as being the ultimate holding Company.

Other than as disclosed elsewhere in the financial statements, during the year, the Company has no significant related party transactions.