Registration number: 00103881

Air Products Public Limited Company

Annual Report and Financial Statements

for the Year Ended 30 September 2020

Air Products Public Limited Company

Contents

Air Products Public Limited Company

Company Information

Directors	S. Lowe C. Stinner D. Leney
Company secretary	M. Sambrook
Registered office	Hersham Place Technology Park Molesey Road Walton-on-Thames Surrey KT12 4RZ
Auditor	Deloitte LLP Reading, United Kingdom

Strategic Report for the Year Ended 30 September 2020

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

Principal activity

The principal activity of the company continues to be the manufacture and sale of industrial gases and related products for their production and use.

Business review and results

In fiscal year 2020, the company's number one priority was the safety and well-being of its employees. Since the beginning of the COVID-19 pandemic, the company kept its plants running, supplied critical products, and supported local communities during this time of need. The overall results were impacted by lower demand for merchant gas offerings following the restrictions introduced by the UK government as part of its efforts to limit the spread of the virus and its negative consequences to public health. This has been offset by pricing programs across core merchant gas segments and increased demand for medical grade oxygen by hospitals as a direct consequence of COVID-19. Further, the company continued to win new growth projects and served its customers, delivering stable results despite the significant health crisis facing the world. It remained focused on sustainability and its commitment to advancing diversity and inclusion.

Total revenue recognised during the year amounted to £331,365,000 (2019: 347,513,000). The profit for the financial year is £54,223,000 (2019: £69,577,000). The year on year decrease in profit is analysed further under Key Performance Indicators section below. The company continued to work on the construction of six air separation units for the Jazan Gas Projects Company to be used in a greenfield refinery and gasification project being developed by Saudi Aramco in Jazan, Saudi Arabia. In FY20, the company recognised revenue of £19,733,500 (2019: £52,378,400) in relation to this construction contract. Current expectations are to complete this project by the end of fiscal year 2021.

As COVID-19 continues, the company remains focused on the safety and well-being of employees. The company is committed to safely maintaining operations and ensuring business continuity, including providing financial security for employees, reliably supplying critical products and services to customers, and winning new opportunities for world-scale projects. The company expects lower volumes related to the impacts of COVID-19 to continue into fiscal year 2021. Recovery in demand will depend on the duration of COVID-19 and measures implemented by governments, public health authorities and businesses to mitigate its spread. Despite the uncertainty of the duration of COVID-19, the company will continue to focus on pricing discipline in the merchant business and expect to continue generating stable cash flow.

Key performance indicators

The directors monitor the financial performance of the business based on specific key performance indicators (KPI's). Operating profit is used as a measure of overall profitability. Operating profit decreased from £74,570,000 in 2019 to £55,861,000 in 2020. Operating profit as a percentage of sales decreased during the year from 21.5% in 2019 to 16.9% in 2020, driven by lower sales and lower profitability reported by the global gases business segment.

Return on assets decreased in 2020 to 57.7% compared to 83.66% in 2019. Return on capital employed decreased in 2020 to 12.7% compared to 14.9% in 2019. Both decreases were driven by lower profit for the year.

Section 172 statement

The directors are aware of their duty under section 172(1) (a) to (f) of the Companies Act 2006 to act in a manner they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term;

The directors understand the demands of the business and what is needed for the company to be successful and meet the group's long-term strategic goals of becoming the safest, most diverse and most profitable industrial gas company in the world, providing excellent service to customers. Management meet on a regular basis to review and discuss important issues affecting business operations and to formulate a long-term plan to enable the company to be successful in achieving its strategic objectives.

b) the interests of the company's employees;

The directors believe that employees are the company's most valuable asset and are critical to long-term success. They continue to develop the company's 4S culture (Safety, Speed, Simplicity and Self-Confidence) to create a work environment where all employees feel that they belong and matter. Talent related initiatives, including employee recruitment and development, diversity and inclusion, and compensation and benefit programs, are focused on building and retaining a talented staff base, which is critical to achieving long-term objectives. Employee safety and wellbeing is a key goal within overall business strategy.

c) the need to foster the company's business relationships with suppliers, customers and others;

The directors understand the need to engage in positive and mutually beneficial relationships with suppliers, customers, and others in order to operate successfully and deliver on strategic objectives. The company engages with a wide range of suppliers and customers, from small regional companies to large multinationals, with the aim of establishing long-term relationships which benefit all parties.

Suppliers are viewed as integral members of the business and management seeks to engage with companies who share the same commitment to ethical business practices and who can help deliver value. Suppliers are required to abide by and conform to the company's global Code of Conduct in business dealings and support sustainability through the principles outlined in Air Products' Expectations of Suppliers.

Strategic Report for the Year Ended 30 September 2020 (continued)

d) the impact of the company's operations on the community and the environment;
The directors are aware of the impact operations have on the environment and local community. The company supports the communities in which it has a presence. The company is committed to limiting the impact of operations on the environment through its long-term strategy and is actively involved in developing new processes and technologies to improve long-term sustainability. In FY20, the company partnered with The National Enterprise Challenge to encourage students around the UK and Ireland to think about sustainability, the environment and waste.

e) the desirability of the company maintaining a reputation for high standards of business conduct;
The directors view integrity as a core value of the company and expect all business operations to be executed in an ethical manner. Commitment to this behaviour is reinforced through the company's code of conduct which identifies a clear framework and required standards. Employees receive annual trainings to ensure that standards of business ethics are both met and maintained on an ongoing basis; and

(f) the need to act fairly as between members of the company.
The company is a wholly owned subsidiary of Air Products Group Limited.

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 and utilities, although purchasing policies, contracts and practices seek to mitigate, where practical, such risks.

Subsequent to year-end, in December 2020, the UK-EU trade agreement was finalised. The United Kingdom's (UK) exit from the European Union ("Brexit") brings risks and uncertainties related to the process and its potential impact on the wider UK economy. The company anticipates no significant impact on operations as a result of Brexit as the majority of customers and production for its core Industrial Gas business is based in the UK. The company expects to incur increased supply chain costs as a direct result of the Brexit trade agreement. However, measures have been implemented to minimise and mitigate where possible any potential impacts on the company's production and supply chain.

The COVID-19 global pandemic significantly impacted the UK economy beginning in March 2020 when the government implemented various measures to control the spread of the virus. Given the dynamic nature of these circumstances, the future impact on ongoing business, results of operations, and overall financial performance cannot be reasonably estimated. The directors' assessment of the Covid-19 impact on the operations of the company can be found in the directors' report on page 5.

Future developments
The company is well positioned to continue its focus on growing its core UK Industrial Gases business and exploring new opportunities in the sale of equipment segment. Management remains focused on safety and delivering value added products and services for customers in the future.

Financial risk management
The company aims to manage financial risks to avoid potential negative impacts on the results of business operations.

Cash flow risks
The company participates in a group cash pooling arrangement to minimise cash flow based risks. In addition, financial risks related to interest rate and foreign exchange fluctuations are actively managed through the use of derivate financial instruments such as forward contracts.

Credit risk
The company's principal financial assets are bank balances and cash, trade and other receivables, and investments. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit ratings agencies. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company participates in a group cash pooling arrangement.

Strategic Report for the Year Ended 30 September 2020 (continued)

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.

Approved by the board and signed on its behalf by:

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D. Leney
Director

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

24 February 2021

Directors' Report for the Year Ended 30 September 2020

The directors present their annual report and the audited financial statements financial statements for the year ended 30 September 2020.

Proposed dividends
The directors declared and paid an interim dividend for the year ended 30 September 2020 of £129,420,000 in respect of the total ordinary share capital of the Company (2019: £nil).

Directors of the company
The directors who held office during the year and up to the date of signing were as follows:

R. Boocock (resigned 19 January 2021)

S. Lowe (appointed 22 October 2019)

C. Stinner

D. Leney

G. Weigard (resigned 31 January 2020)

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

Employees
The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and company notices.

The company's policy towards the employment of disabled people has been to give full and fair consideration to applications from disabled people and to make every reasonable endeavour to accommodate the continued employment of people who become disabled while employed by the company. Disabled persons are treated according to the same standards as other employees in respect of training, career development and promotion.

The Board would like to take this opportunity to express their appreciation for the hard work and loyalty shown by all employees during the past year. Securing and maintaining the understanding and commitment of all employees to the objectives of the various businesses remains paramount to the successful future development of the company.

Overseas Branches
The company currently has one overseas branch in Saudi Arabia to manage the onshore scope of the Jazan Gas Projects Company construction contract.

Streamlined Energy and Carbon Reporting (SECR)
In April 2019, the UK Government introduced new legislation called Streamlined Energy and Carbon Reporting (SECR) that requires some large companies to report on their greenhouse gas (GHG) emissions in their annual directors' reports as well as the principle measures used to improve the company's energy efficiency. Below is information for Air Products PLC for fiscal year 2020 (October 2019-September 2020) for compliance with the SECR requirements.

Air Products business in the UK comprises production, distribution and selling of industrial and medical gases, mainly to professional industrial users. More details can be found at https://www.airproducts.co.uk/. Air Products' UK business is also part of Air Products and Chemicals Inc., a Delaware corporation listed on the U.S. stock exchange and a Fortune 500 company. Air Products publicly discloses greenhouse gases data and targets in its annual sustainability report at https://www.airproducts.com/company/sustainability/sustainability-report.

Industrial gases production is energy intensive and the main carbon emissions for Air Products' UK business (close to 90%) are associated with the electricity used for the cryogenic distillation of air to produce oxygen, nitrogen and argon. These and other products are distributed via pipelines, road tankers and /or in compressed gas cylinders.

GHG emissions and energy usage data for period 1st October 2019 to 30th September 2020 is shown in table 1. Note that there are no offshore activities.

Directors' Report for the Year Ended 30 September 2020 (continued)

Table1	**Scope [1]**	**Units**	**Value**
Energy equivalent usage for activities which the company owns or controls [1]			
Energy equivalent of gaseous fuel for combustion or process use	1	MWh	3172
Energy equivalent of from use of fuel for product distribution and on-site use of vehicles	1	MWh	36321
Energy equivalent from business travel (owned vehicles and company leased cars)	1	MWh	2305
Energy equivalent of purchase of electricity, heat, steam and cooling purchased for own use	2	MWh	4342
Emissions for activities which the company owns or controls [1]			
Emissions from gaseous fuel for combustion or process use	1	Tonnes Co2e	647
Emissions from use of fuel for product distribution and on-site use of vehicles	1	Tonnes Co2e	9158
Emissions from business travel (owned vehicles and company leased cars)	1	Tonnes Co2e	581
Emissions from the purchase of electricity, steam, heat or cooling for own use [2]	2	Tonnes Co2e	1012
Total Gross Scope 1 & Scope 2 emissions	**1 and 2**	**Tonnes Co2e**	**11399**
Emissions from business travel [2]	3	Co2e	< 2%
Emissions from contracted transport [3]	3	Co2e	< 2%

[1] Definitions
Scope 1 (Direct) GHG emissions - these include emissions from activities owned or controlled by the organisation that release emissions into the atmosphere. They are direct emissions. Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces, vehicles, and emissions from chemical production in owned or controlled process equipment.

Scope 2 (Energy indirect) emissions -these include emissions released into the atmosphere associated with the consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of the organisation's activities, but which occur at sources not owned or controlled by the company.

Scope 3 (Other indirect) emissions - emissions that are a consequence of the company's actions, which occur at sources not owned or controlled by the company and which are not classed as Scope 2 emissions. Examples of Scope 3 emissions are business travel by means not owned or controlled by the organisation, waste disposal which is not owned or controlled, or purchased materials.

The methodology is based on the DEFRA environmental reporting guidelines, using invoice and metered data. The transport data is based on fuel usage with an allocation per business entity based on monthly invoice samples.

[2] Emissions from business travel are not material
Globally Air Products has applied a 2% materiality threshold to its Scope 3 emissions since 2019. Emissions related to business travel have been estimated in prior years (2018 and earlier) and did not meet the 2% materiality threshold. As a result, the emissions are considered not relevant and thus are not calculated for UK businesses.

[3] Emissions from contracted transport are not material (<2% of Scope 3 emissions)

Energy Efficiency Actions Taken
The number of UK industrial gas producers is small. For that reason, specific energy efficiency improvement measures are considered commercially sensitive and are not included in this report. In general terms Air Products does use such measures as advanced plant control systems, maximization of plant loadings, advanced scheduling and logistics planning, transport fleet management, and driver training as well as investing in renewable energy sourcing.

GHG Intensity Metric
Due to the above-mentioned confidentiality concerns, GHG intensity metrics are not disclosed. Note that Air Products is part the British Compressed Gases Association (BCGA) Climate Change Agreement (CCA) and public reporting against our target intensity measurement for our energy intensive activities can be found at https://www.gov.uk/government/publications/climate-change-agreements-cca-biennial-report. CCA reporting is on a calendar year basis, whereas this report, as per the UK guidance, is stated on a fiscal year basis (1st October to 30th September).

Directors' Report for the Year Ended 30 September 2020 (continued)

Going concern
In making a judgement regarding going concern, the directors have considered the impact of the Coronavirus outbreak on business operations. The world health organisation declared Covid-19 a Public Health Emergency of International Concern on the 30th January 2020 and a global pandemic on the 11th March 2020. Measures taken by the UK government to limit the spread of the virus have resulted in a significant contraction of the UK economy. This contraction has not impacted all customer segments equally. Customers in the leisure industry have been most severely impacted by government policies on social distancing and the closure of non-essential businesses. As a consequence, the company has experienced reductions in revenues from customers in these highly affected segments. This has been offset by programs to improve pricing across core merchant gas segments and increased demand for medical grade oxygen in hospitals as a direct consequence of Covid-19.

In considering the impact Covid-19 has had on the performance of the company, the directors examined results during the months when government measures were most stringent. This was considered worst-case scenario due to complete closure of certain customer industries. Additional forecasting allowances were made for negative impacts on customer receivables and capital expenditure. As a result of this analysis, the directors believe that the company's diversified customer base and product portfolio mean that the impact of Covid-19 on company performance has been limited. They also expect the company to generate positive cash flows on its own account for the foreseeable future. For this reason, the company chose not to avail of the UK governments Coronavirus Job Retention Scheme.

Whilst the directors acknowledge that the lasting impact of Covid-19 is difficult to ascertain at this stage, they do not believe that the long term wider economic impacts will have a significant effect on future operations. The expectation is that performance will recover with the easing of Covid-19 restrictions as the vaccination program is rolled out across the population. As a result, they continue to adopt the going concern basis in preparation of these financial statements.

Financial management and future developments
Future developments and details of the companies approach to managing financial risks are included in the strategic report and form part of this report by cross reference.

Political donations
The company made no political contributions during the year (2019: £nil).

Disclosure of information to the 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
Deloitte LLP have expressed their willingness to continue in office as auditor and will be proposed for reappointment at the next Annual General Meeting.

Approved by the board and signed on its behalf by:

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D. Leney
Director

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

24 February 2021

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

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the directors must not approve the financial statements unless they are satisfied that 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 judgements and accounting 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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Air Products Public Limited Company

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Air Products PLC (the 'company'):
• give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its profit for the year then ended;
• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
• the profit and loss account;
• the balance sheet;
• the statement of comprehensive income;
• the statement of changes in equity; and
• the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:
• the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
• the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors
As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Air Products Public Limited Company (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

• 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; and

• the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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.

....

Andrew Hornby FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom

25 February 2021

Profit and Loss Account for the Year Ended 30 September 2020

	Note	2020 £ 000	2019 £ 000
Turnover	2	331,365	347,513
Cost of sales		(215,312)	(206,029)
Gross profit		**116,053**	**141,484**
Distribution costs		(51,095)	(51,567)
Administrative expenses		(9,097)	(15,347)
Operating profit		**55,861**	**74,570**
Other finance income	9	1,141	497
Income from other fixed asset investment	6	-	300
Other interest receivable and similar income	7	4,022	6,266
Interest payable and similar charges	8	(440)	(106)
Gain on sale of tangible fixed assets	3	25	108
Gain on sale of assets	3	-	3,612
Impairment of fixed asset investment	3	-	(192)
		4,748	10,485
Profit before taxation	3	**60,609**	**85,055**
Taxation	10	(6,386)	(15,478)
Profit for the financial year		**54,223**	**69,577**

The above results all derive from continued operations.

Air Products Public Limited Company

(Registration number: 00103881)

Balance Sheet as at 30 September 2020

	Note	2020 £ 000	Restated 2019 £ 000
Fixed assets			
Intangible assets	12	582	425
Tangible assets	11	105,041	101,666
Investments	13	30,120	30,130
		135,743	132,221
Current assets			
Stocks	15	7,573	5,207
Debtors	16, 14	459,288	523,576
Deferred tax (including £45,635,245 (2019: £36,283,000) due after more than one year	20	45,635	44,522
Pension asset		-	10,300
Cash at bank and in hand		12,353	13,409
		524,849	597,014
Creditors: Amounts falling due within one year	17	(102,067)	(86,801)
Net current assets		422,782	510,213
Total assets less current liabilities		558,525	642,434
Creditors: Amounts falling due after more than one year	19	(1,136)	(1,257)
Provisions for liabilities	18	(56,101)	(54,737)
Net assets excluding pension liability		501,288	586,440
Pension liability	24	(9,712)	-
Other long term employee benefits	24	(156)	-
Net assets		491,420	586,440
Capital and reserves			
Called up share capital	21	458,816	458,816
Other reserves		11,000	11,000
Profit and loss account		21,604	116,624
Total equity		491,420	586,440

Restatement of prior year comparatives represents a correction of restatement of 2018 comparatives resulting from change of accounting treatment of share based payments from cash settled to equity settled (note 27).

Approved and authorised by the Board on 24 February 2021 and signed on its behalf by:

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D. Leney
Director

The notes on pages 15 to 35 form an integral part of these financial statements.

Air Products Public Limited Company

Statement of Comprehensive Income for the Year Ended 30 September 2020

	Note	2020 £ 000	2019 £ 000
Profit for the year		54,223	69,577
Net exchange differences on the retranslation of overseas branch		(1,661)	1,683
Actuarial loss recognised on pension schemes	24	(16,260)	(75,840)
Deferred tax arising on actuarial loss in the pension scheme		3,089	12,892
Other long term employee benefits	24	(68)	-
Total comprehensive income for the year		**39,323**	**8,312**

The notes on pages 15 to 35 form an integral part of these financial statements.

Air Products Public Limited Company

Statement of Changes in Equity for the Year Ended 30 September 2020

	Note	Share capital £ 000	Other reserves £ 000	Restated Profit and loss account £ 000	Total £ 000
At 1 October 2018		458,816	11,000	111,712	581,528
Profit for the year		-	-	69,577	69,577
Net exchange differences on the retranslation of overseas branch		-	-	1,683	1,683
Actuarial loss recognised on pension schemes	24	-	-	(75,840)	(75,840)
Deferred tax arising on actuarial gain in the pension schemes		-	-	12,892	12,892
Total comprehensive income for the year		-	-	**8,312**	**8,312**
Share based payment transactions	25	-	-	(3,400)	(3,400)
At 30 September 2019		**458,816**	**11,000**	**116,624**	**586,440**
	Note				
At 1 October 2019		458,816	11,000	116,624	586,440
Profit for the year		-	-	54,223	54,223
Net exchange differences on the retranslation of overseas branch		-	-	(1,661)	(1,661)
Actuarial loss recognised on pension schemes	24	-	-	(16,260)	(16,260)
Deferred tax arising on actuarial loss in the pension schemes		-	-	3,089	3,089
Actuarial loss recognised on other long term employee benefits	24	-	-	(68)	(68)
Total comprehensive income for the year		-	-	**39,323**	**39,323**
Share based payment transactions	25	-	-	(4,923)	(4,923)
Dividends		-	-	(129,420)	(129,420)
At 30 September 2020		**458,816**	**11,000**	**21,604**	**491,420**

Restatement of prior year comparatives represents a correction of restatement of 2018 comparatives resulting from change of accounting treatment of share based payments from cash settled to equity settled (note 27).

The notes on pages 15 to 35 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 30 September 2020

1 Accounting policies

Statement of compliance
Air Products Plc (the "Company") is a public company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The principal activities of the company are set out in the Strategic Report on page 2.

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"). The functional and presentation currency of these financial statements is sterling as this is the currency of the primary economic environment in which the entity operates. All amounts in the financial statements have been rounded to the nearest £1,000.

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.

Basis of preparation
These financial statements are prepared on a going concern basis, under the historical cost convention.

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. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Air Products and Chemicals, Inc. The address of the parent's registered office is Air Products and Chemicals, Inc, 7201 Hamilton Boulevard, Allentown, Pennsylvania 18195 - 1501.

The preparation of financial statements in conformity with FRS 102 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 1.

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 and 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 paragraph 1.12(d), from disclosing certain information in relation to share based payment arrangements on the basis that it is a qualifying entity and its parent company, Air Products and Chemicals Inc, includes the company's share based payment information in its own consolidated financial statements.

The consolidated financial statements of Air Products and Chemicals Inc are prepared in accordance with US Generally Accepted Accounting Principles and are available to the public. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

• The company has taken advantage of the exemption, under FRS 102 para 33.7A 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 Air Products and Chemicals Inc, the ultimate parent company.

• In accordance with FRS 102 33.1 (a) the company has not disclosed related party transactions as they are all with other companies that are wholly owned by Air Products and Chemicals Inc.

The consolidated financial statements of the ultimate parent Air Products and Chemicals Inc, within which this company is included, can be obtained from the company's registered office.

1 Accounting policies (continued)

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

Key estimates and judgements

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting policies and judgements

Accounting for contracts using the percentage-of-completion method requires judgment relative to assessing risks and their impact on the contract revenues and costs.

Key sources of estimation uncertainty

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 24 for the disclosures relating to the defined benefit pension scheme.

Accounting for contracts requires estimates to be made in relation to factors such as the potential for incentives or penalties on performance, schedule and technical issues, labour productivity, the complexity of work performed, the cost and availability of materials, and performance of subcontractors.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2.

In making a judgement regarding going concern, the directors have considered the impact of the Coronavirus outbreak on business operations. The world health organisation declared Covid-19 a Public Health Emergency of International Concern on the 30th January 2020 and a global pandemic on the 11th March 2020. Measures taken by the UK government to limit the spread of the virus have resulted in a significant contraction of the UK economy. This contraction has not impacted all customer segments equally. Customers in the leisure industry have been most severely impacted by government policies on social distancing and the closure of non-essential businesses. As a consequence, the company has experienced reductions in revenues from customers in these highly affected segments. This has been offset by programs to improve pricing across core merchant gas segments and increased demand for medical grade oxygen in hospitals as a direct consequence of Covid-19.

In considering the impact Covid-19 has had on the performance of the company, the directors examined results during the months when government measures were most stringent. This was considered worst case scenario due to complete closure of certain customer industries. Additional forecasting allowances were made for negative impacts on customer receivables and capital expenditure. As a result of this analysis, the directors believe that the company's diversified customer base and product portfolio mean that the impact of Covid-19 on company performance has been limited. They also expect the company to generate positive cash flows on its own account for the foreseeable future. For this reason, the company chose not to avail of the UK governments Coronavirus Job Retention Scheme.

Whilst the directors acknowledge that the lasting impact of Covid-19 is difficult to ascertain at this stage, they do not believe that the long term wider economic impacts will have a significant effect on future operations. The expectation is that performance will recover with the easing of Covid-19 restrictions as the vaccination program is rolled out across the population. As a result, they continue to adopt the going concern basis in preparation of these financial statements.

Fixed assets investments

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

1 Accounting policies (continued)

Fixed assets and Depreciation
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:

Asset class	**Useful economic life**
Land and buildings	Up to 50 years
Furniture, fittings and equipment	4-25 years

No depreciation is provided on freehold land. Costs include directly attributable finance costs.

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

Intangible assets
Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to the their residual values over their estimated useful lives, as follows:

Asset class	**Useful economic life**
Customer list	5 years

Amortisation is included in administrative expenses in the profit and loss account.

Where factors, such as technological advancement or changes in the market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.
The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Goodwill
Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of 20 years.

Impairment excluding stocks
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1 Accounting policies (continued)

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.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

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 on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.
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 currency transactions and balances
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.

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.

1 Accounting policies (continued)

Tax

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

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Defined benefit pension plan

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges and finance items recognised in the profit and loss account and, actuarial gains and losses recognised in other comprehensive income.

Defined contribution pension plan

The company operates a defined contribution scheme for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further obligations.

The contributions are recognised as an expense when they are due. Amounts not paid are shown in creditors in the balance sheet. The assets of the plan are held separately from those of the company, in independently administered funds.

Long- term employee benefits

Effective from 1st October 2019, Air Product Plc Branch ("the Branch") operates an End of Service Benefit Plan (EOSB) as mandated by local employment laws in Saudi Arabia.

The Branch's net obligation in respect of defined unfunded benefit plan ("the obligations") is calculated by estimating the amount of future benefit that employees have earned in return of their service in the current and prior periods. The benefit is discounted to determine its present value, and any unrecognized past service costs.

The discount rate used is the market yield on government bonds at the reporting date that has maturity dates approximating the terms of the Branch's obligations.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

1 Accounting policies (continued)

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method to determine the Branch's present value of the obligation, with actuarial valuations to be carried out every year and updated for the following two years for material changes, if any. Defined benefits liability comprises of the following:

• service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
• interest expense; and
• remeasurement gains/(losses)

The company presents the first two components of costs in profit or loss in relevant line items.

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.

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.

Share based payments
The share-based compensation programme allows employees to acquire shares of the parent company, Air Products and Chemicals Inc. Employees are awarded both stock options and deferred stock as part of the programme. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of deferred stocks granted is measured using both the share price of the company at grant date and a Monte Carlo simulation-based pricing model.

Share based payment transactions are treated as equity settled. The fair value of the awards is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options and stocks. The grant date fair value is recognised as an expense with a corresponding increase in equity. The amount recognised as an expense is adjusted to reflect the actual number of awards that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Air Products and Chemicals Inc recharges to the company the fair market value of awarding share-based compensation to employees. The recharge is accounted for by Air Products PLC as a capital transaction recognised in connection with the group share based compensation programme. Accordingly, on settlement of the awards, Air Products PLC recognises a debit in equity for the capital distribution recognised in respect of the share-based payment.

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.

They are included in the profit and loss account in a separate column for the current and comparative periods, including the gain or loss on sale or impairment loss on abandonment.

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

Trade and other debtors / creditors
Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and 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, less any impairment losses in the case of trade debtors. 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.

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;

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.

General provision
Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. Restructuring provisions are recognised when the company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected, and therefore has a legal or constructive obligation to carry out the restructuring. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Other reserves
Other reserve included within equity represents a cash capital contribution received in September 2011 from Air Products Group Ltd.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

2 Revenue

Turnover can be analysed further as follows:

By geographical market	2020 £ 000	2019 £ 000
Europe	283,942	253,401
Africa / Middle East	41,239	84,544
Americas	1,359	5,460
Asia / Pacific	4,825	4,108
	331,365	347,513

By business	2020 £ 000	2019 £ 000
Industrial gases	242,812	253,401
Global gases	88,553	94,112
	331,365	347,513

3 Operating profit

Profit before taxation is stated after charging / (crediting):

	2020 £ 000	2019 £ 000
Fixed asset depreciation	15,162	15,247
Goodwill Amortisation	50	50
Intangible Amortisation	24	3
Write-down of stocks to net realisable value	-	(38)
Exchange losses	2,304	4,614
Operating lease expense - property	3,714	1,928
Operating lease expense - plant and machinery	1,400	1,504
Gain on sale of fixed assets	(25)	(108)
Gain on the sale of assets	-	(3,612)
Impairment of fixed asset investment	-	192

Auditor's remuneration

	2020 £ 000	2019 £ 000
Amounts payable to the auditor and their associates in respect of:		
Audit of the financial statements	42	33

4 Directors' remuneration

For the services rendered by the directors of the company an amount of £3,000 (2019: £4,500) has been incurred in the current financial year.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

5 Staff costs

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2020 No.	2019 No.
Management	83	81
Administration and support	598	564
Production	275	258
Distribution	421	421
	1,377	1,324

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020 £ 000	2019 £ 000
Wages and salaries	69,316	67,633
Social security costs	9,117	8,793
Other pension costs	19,440	22,512
Share-based payment expenses	2,198	2,598
Restructuring costs	1,883	279
	101,954	101,815

6 Income from other fixed asset investments

	2020 £ 000	2019 £ 000
Dividends from fixed asset investments	-	300

7 Other interest receivable and similar income

	2020 £ 000	2019 £ 000
Interest receivable from group undertakings	3,879	6,106
Finance income from leases	142	157
Bank interest	1	3
	4,022	6,266

8 Interest payable and similar expenses

	2020 £ 000	2019 £ 000
Interest expense on other finance liabilities	2	-
Payable to group undertakings	438	106
	440	106

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

9 Other finance income/ (expense)

	2020 £ 000	2019 £ 000
Net interest charge on net pension scheme liabilities	240	2,540
Interest on other long term employee benefits	(2)	-
Derivatives at fair value through profit or loss	1,487	(1,430)
Finance charge on provisions	(584)	(613)
	1,141	497

10 Taxation

Tax charged/(credited) to the profit and loss account

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	4,431	7,270
UK corporation tax adjustment to prior periods	18	(1,196)
Withholding tax	-	718
Total current tax	4,449	6,792
Deferred taxation		
Origination / reversal of timing differences	6,124	7,947
Effect of change in tax rate	(4,679)	(615)
Adjustment on respect of prior periods	492	1,354
Total deferred taxation	1,937	8,686
Tax on profit	6,386	15,478

Tax relating to items recognised in other comprehensive income or equity

	2020 £ 000	2019 £ 000
Current tax related to items recognised as items of other comprehensive income	3,089	(12,892)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled as follows:

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

10 Taxation (continued)

	2020 £ 000	2019 £ 000
Profit before tax	60,609	85,055
Corporation tax at standard rate	11,516	16,160
Income not subject to tax	(961)	(427)
Adjustment to tax charge in respect of prior years	510	113
Tax decrease from other short-term timing differences	-	(568)
Withholding tax	-	718
Effect of change in tax rate	(4,679)	(518)
Total tax charge	6,386	15,478

Tax rate changes

Finance Act No.2 2015 included provisions to reduce the UK corporation tax rate to 19% with effect from 01 April 2017. Subsequently, a reduction in the rate of corporation tax to 17% (effective 01 April 2020) was enacted in 2016. In his budget of 2020, the Chancellor of Exchequer proposed measures to hold the rate of corporation tax at 19%, effective 01 April 2020. This change was subsequently substantively enacted on 17 March 2020. Consequently, where applicable the deferred tax assets and liabilities have been remeasured to the enacted tax rate of 19%.

11 Tangible assets

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Properties under construction £ 000	Total £ 000
Cost or valuation				
At 1 October 2019	33,069	310,522	39,199	382,790
Additions	206	3,124	16,485	19,815
Disposals	-	(5,782)	(596)	(6,378)
Transfers	119	9,410	(9,529)	-
At 30 September 2020	33,394	317,274	45,559	396,227
Depreciation and impairment				
At 1 October 2019	18,922	236,276	25,926	281,124
Charge for the year	883	14,279	-	15,162
Eliminated on disposal	-	(5,100)	-	(5,100)
At 30 September 2020	19,805	245,455	25,926	291,186
Carrying amount				
At 30 September 2020	**13,589**	**71,819**	**19,633**	**105,041**
At 30 September 2019	14,147	74,246	13,273	101,666

Freehold land and buildings includes £7,765,950 (2019: £7,908,000) of land that is not being depreciated.

The leasehold land and buildings are substantially held under leases with more than 50 years remaining.

Included in the cost of tangible fixed assets is £232,000 (2019: £232,000), with a net book value of £nil (2019: £nil), in respect of capitalised interest costs.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

12 Intangible assets

	Goodwill £ 000	Other intangible assets £ 000	Total £ 000
Cost or valuation			
At 1 October 2019	812	139	951
Additions	-	231	231
At 30 September 2020	812	370	1,182
Amortisation			
At 1 October 2019	387	139	526
Amortisation charge	50	24	74
At 30 September 2020	437	163	600
Carrying amount			
At 30 September 2020	**375**	**207**	**582**
At 30 September 2019	425	-	425

Goodwill was capitalised in the year ended 30 September 2012 upon the transfer of businesses from Cryroservice Limited. The goodwill is amortised to nil by annual instalments over its estimated life of 20 years.

Amortisation of intangible assets is included within cost of sales in the profit and loss account.

13 Investments in subsidiaries, joint ventures and associates

	Shares in group undertakings £ 000	Participating Interest £ 000	Total £000
Cost or valuation			
At 1 October 2019	28,964	1,358	30,322
Disposals	(202)	-	(202)
At 30 September 2020	28,762	1,358	30,120
Provision for impairments			
At 1 October 2019	(192)	-	(192)
Eliminated on disposal	192	-	192
At 30 September 2020	**28,762**	**1,358**	**30,120**
At 30 September 2019	28,772	1,358	30,130

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

13 Investments in subsidiaries, joint ventures and associates (continued)

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held 2020	2019
Subsidiary undertakings				
Air Products Llanwern Limited	Warndon Business Park, Prescott Drive, Worcester, Worcestershire, WR4 9RH, Great Britain	Ordinary	50%	50%
Air Products Renewable Energy Limited	Hersham Place Technology Park, Molesey Road, Walton On Thames, Surrey, KT12 4RZ, Great Britain	Ordinary	100%	100%
Gas Direct Limited	White House Farm, Valley Lane Long Bennington, Newark, Nottinghamshire, NG23 5EE, Great Britain	Ordinary	100%	100%
Dixons of Westerhope Limited	Westfield, Newbiggin Lane, Westerhope, Newcastle Upon Tyne, NE5 1LX, Great Britain	Ordinary	100%	100%
Air Products Middle East Industrial Gases LLC	P.O. Box 8244, Ibn Al Haitham Street, Dhahran Techno Valley, Dhahran, 4464-4855, Kingdom of Saudi Arabia	Ordinary	0%	100%

Principal activity of all subsidiary undertakings is industrial gases.

14 Finance lease receivable

	2020 £ 000	2019 £ 000
Less than one year	405	389
Between one and five years	1,792	2,197
More than five years	1,141	1,141
	3,338	3,727

15 Stocks

	2020 £ 000	2019 £ 000
Raw materials and consumables	1,620	1,666
Finished goods and goods for resale	4,249	2,746
Work in progress	1,704	795
	7,573	5,207

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

16 Debtors

	Note	2020 £ 000	2019 £ 000
Trade debtors		80,499	55,755
Amounts owed by related parties (including £206,941,000 due after more than one year)		337,848	427,251
Other debtors (including £1,326,100 (2019 : £205,142,000) due after more than one year)		35,394	34,450
Prepayments		1,806	1,200
Finance lease receivable (including £2,932,500 (2019: £3,338,000) due after more than one year)	14	3,338	3,727
Derivative financial instruments		403	1,193
Total current trade and other debtors		459,288	523,576

Related party transactions are at arm's length at interest rates equivalent to market rate.

17 Creditors

	Note	2020 £ 000	Restated 2019 £ 000
Due within one year			
Trade creditors		8,355	10,012
Amounts due to related parties		54,406	34,143
Other tax and social security		11,925	8,819
Payments received on account		6,188	15,336
Accrued expenses		16,441	13,807
Derivative financial instruments		163	2,449
Corporation tax	10	4,589	2,235
		102,067	86,801

Related party transactions are at arm's length at interest rates equivalent to market rate.

18 Provisions

	Dilapidation Provision £ 000	Asset Retirement Obligation £ 000	Onerous contracts £ 000	Capital Commitment Provision £ 000	Total £ 000
At 1 October 2019	1,000	4,911	48,474	352	54,737
Additions	-	-	1,114	3,857	4,971
Utilised	-	-	(795)	(1,248)	(2,043)
Unused provision reversed	-	-	(2,148)	-	(2,148)
Unwinding of discount	-	-	584	-	584
At 30 September 2020	1,000	4,911	47,229	2,961	56,101

18 Provisions (continued)

Dilapidations provision
As part of the company's leasing arrangements there is an obligation to repair damages which incur during the life of the lease and reinstate the property to original configuration upon lease termination. A provision has been made for cost estimates in relation to this contract obligations. The expectation is for this provision to be utilised at the end of the contract, in April 2025.

Exit from Energy from Waste (EfW) business
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, efforts to start up and operate the Company's EfW project located in Tees Valley, United Kingdom, were discontinued.

The decision to exit the business and stop development of the EfW projects was based on continued difficulties encountered with the Company's project; and the conclusion, based on testing and analysis completed during 2016, that significant additional time and resources would be required to make the projects operational. Consequently, the following provisions for EfW contract obligations have been established:

Asset retirement obligations
The company has recognised an asset retirement obligation in relation to the demolition and removal of plant assets. Currently, the exact future of the plant has not yet been determined, therefore no estimation exists of the date of utilisation for the retirement obligation.

Onerous contracts
The company has recognised a provision for contract obligations which relate to land and fixed installations that have become onerous in nature.

This provision includes amounts for land leases with terms ending in fiscal years 2037 and 2040. The provision for these contracts has been calculated based on full contract terms to expiration, discounted at an appropriate rate to reflect the time value of money. The current expectation is that in fiscal year 2021 £334,650 of the onerous contract provision will be utilised.

In addition, the provision includes amounts related to a supply agreement with an end term that currently cannot be determined with absolute certainty. The exact date of utilisation of this provision will be ascertained when a decision on the future of the plant has been made.

Capital commitment provision
The company has recognised a provision for future committed capital expenditure.

19 Creditors: amounts falling due after more than one year

	Note	2020 £ 000	2019 £ 000
Due after one year			
Customer advances		194	73
Other creditors long term		927	1,179
Derivatives financial instruments		15	5
		1,136	1,257

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

20 Deferred taxation

The element of deferred tax are as follows :	2020 £000	2019 £000
Timing differences on share options	747	1,290
Timing differences on fixed assets	29,829	19,255
Other timing differences	12,876	9,135
Derivative Financial Instruments	233	250
Fixed asset impairment	-	16,344
Pension liabilities	1,950	(1,752)
	45,635	44,522

The movements in the deferred taxation asset during the year was :	2020 £000	2019 £000
At beginning of year	44,522	40,271
Credit to the Statement of recognised gain and losses	3,089	12,892
Origination / reversal of timing difference	(6,124)	(7,947)
Adjustment in respect of prior period	(492)	(1,354)
Effect of change in tax rate	4,679	615
Other	(39)	45
At the end of year	45,635	44,522

21 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£ 000	No.	£ 000
Shares of £1 each	458,816,057	458,816	458,816,057	458,816

22 Contingent liabilities

The company has provided bank guarantees to third parties amounting to £201,473,800 (2019: £210,139,000).

23 Commitments

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

	2020 £000	2019 £000
Contracted	4,742	7,357

23 Commitments (continued)

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

	2020 Lands and buildings	2020 Other	2019 Land and buildings	2019 Other
Operating leases which expire:				
Not later than one year	4,062	577	3,792	1,232
Later than one year and not later than five years	13,863	583	17,786	1,840
Later than five years	30,262	-	30,138	-
	48,187	1,160	51,716	3,072

During the year £5,114,000 was recognised as an expense in the profit and loss account in respect of operating leases (2019: £3,432,000).

24 Pension scheme

a) Defined benefit pension scheme

The company operates a number of pension schemes within the UK. The defined benefit pension scheme was closed to new members in January 2005. Since that date employees have the option to join a defined contributions scheme. The latest full actuarial valuation was carried out at 30 June 2019 for the main and supplementary scheme. Additional adjustments have been made for changes in market conditions for the year ending 30 September 2020.

The company's best estimate of the pension contributions to be made in FY21 is £19,616,555.

Air Products Group Limited, the company's parent company, has issued an irrevocable guarantee for all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severely and in any capacity whatsoever) of the company to make payments to the scheme up to a maximum amount of £280,000,000.

The major assumptions used by the actuary in this valuation were:

	2020 %	2019 %
Future salary increases	3.50	3.80
Future pension increases - April 1997 - April 2005	2.40	2.30
Future pension increases - Post April 2005	1.80	1.70
Discount rate	1.70	2.70
Inflation	3.10	3.30

Post retirement mortality assumptions

- Current pensioner aged 65 : Male : 22 years (2019 : 22 years), Female 24 years (2019 : 24 years)
- Future retiree at retirement age 65 of member aged 45 : Male : 23 years (2019 : 23 years), Female: 25 years (2019: 25 years)

The assumptions relating to the longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions equivalent to expecting a 65 year old to live for a number of years as follows:

24 Pension scheme (continued)

Scheme assets

Scheme assets do not include any company owned financial instruments or property occupied by the company.

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at 2020 £ 000	Value at 2019 £ 000
Equities	550,640	551,240
Bonds	522,390	538,330
Cash	9,488	8,850
Annuities	1,500	1,690
Total market value of assets	1,084,018	1,100,110
Present value of scheme liabilities	(1,093,730)	(1,089,810)
(Deficit)/ surplus in the scheme - pension (liability)/ asset	(9,712)	10,300

Movement in deficit during the year	2020 £ 000	2019 £ 000
Surplus/(deficit) in scheme at beginning of the year	10,300	90,672
Current service cost	(11,370)	(9,470)
Contribution paid	9,248	10,090
Other finance income	240	2,540
Actuarial (loss)/ gain	(16,260)	(75,840)
Admin costs (P&L)	(1,870)	(3,950)
Plan changes	-	(3,660)
Cost of termination benefits	-	(82)
(Deficit)/ surplus in the scheme at the end of year	(9,712)	10,300

Analysis of other pension costs charged in arriving at operating profit	2020 £ 000	2019 £ 000
Current service cost	(11,370)	(9,470)
Admin costs (P&L)	(1,870)	(3,950)
Cost of termination benefits	-	(82)
Plan changes	-	(3,660)
	(13,240)	(17,162)

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

24 Pension scheme (continued)

Analysis of the amounts included in other finance income	**2020 £ 000**	**2019 £ 000**
Expected return on pension scheme	18,510	26,860
Interest on pension scheme liabilities	(18,270)	(24,320)
	240	2,540

Movement in fair value of pension assets during the year :	**2020 £ 000**	**2019 £ 000**
Fair value of pension assets at beginning of the year	1,100,110	1,005,790
Contribution from employer	9,248	10,090
Contribution from employees	190	210
Benefit paid	(29,760)	(28,880)
Administration costs	(1,870)	(3,950)
Interest on plan assets	18,510	26,860
Actuarial (loss)/ gain on assets	(12,410)	89,990
Fair value of pension assets at the end of the year	1,084,018	1,100,110

Movement in scheme liabilities during the year :	**2020 £ 000**	**2019 £ 000**
Scheme liabilities at beginning of the year	(1,089,810)	(915,118)
Current service costs	(11,370)	(9,470)
Employees contribution	(190)	(210)
Interest cost	(18,270)	(24,320)
Benefit paid	29,760	28,880
Actuarial loss	(3,850)	(165,830)
Plan changes	-	(3,660)
Termination benefits	-	(82)
Present value of scheme liabilities at the end of the year	(1,093,730)	(1,089,810)

	2020 £ 000	**2019 £ 000**	**2018 £ 000**	**2017 £ 000**	**2016 £ 000**
Present value of scheme liabilities at the end of the year	1,093,730	1,089,810	915,118	959,150	994,440
Fair value of scheme assets at the end of the year	(1,084,018)	(1,100,110)	(1,005,790)	(967,475)	(906,090)
(Deficit)/ surplus at the end of the year	**(9,712)**	10,300	90,672	8,325	(88,350)

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

24 Pension scheme (continued)

The return on the plan assets was :	**2020 £ 000**	**2019 £ 000**	**2018 £ 000**	**2017 £ 000**	**2016 £ 000**
Total return on plan assets	6,100	116,850	53,020	71,110	176,940

b) Defined contribution pension scheme

The company also operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme which amounted to £6,200,000 (2019: £5,350,000).

Contributions totalling £555,468 (2019: £469,200) were payable to the scheme at the end of 30 September 2020 and are included in creditors.

c) Long term employee benefits

The Saudi Arabian branch of Air Products PLC operates an approved unfunded employee benefit scheme for its permanent employees whereby eligible employees are entitled to an end of service lump sum payment on termination of employment. The present value of the end of service benefit (EOSB) liability recognised in the statement of financial position stood at £156,373 at the balance sheet date.

25 Share-based payments

Employees of Air Products PLC participate in ultimate parent Air Products and Chemicals, Inc. long-term incentive plan under which share-based compensation awards, including stock options and deferred stock units, are granted. The awards are equity settled in common stock of Air Products and Chemicals, Inc. and the full cost recharged to Air Products Plc upon payout.

Stock options
Awards of options to purchase common stock of Air Products and Chemical, Inc have been granted to executives and selected employees. The exercise price of stock options equals the market price of Air Products and Chemicals, Inc stock on the date of the grant. Options generally vest incrementally over three years and remain exercisable for ten years from the date of grant. The Company has not issued stock option awards since fiscal year 2015.

Deferred Stock Units
Deferred stock units have been granted to executives and selected employees during the year. These deferred stock units entitle the recipient to one share of common stock of Air Products and Chemical, Inc upon vesting, which is conditioned, for employee recipients, on continued employment during the deferral period and may be conditioned on achieving certain performance targets. Deferred stock unit awards are granted with a two- to five-year deferral period that is subject to payout upon death, disability, or retirement.

Market-based deferred stock units vest as long as the employee continues to be employed by the Company and
upon the achievement of the performance target. The performance target, which is approved by a Compensation Committee is the total shareholder return (share price appreciation and dividends paid) of Air Products and Chemicals, Inc, in relation to a defined peer group over a three-year performance period beginning 1 October of the fiscal year of grant.

26 Controlling party

The company's immediate parent company is Air Products Group Limited, a company incorporated in Great Britain.

The smallest and largest group in which the results of the company are consolidated is 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

27 Prior period restatement

In financial year 2019, upon review of the terms and conditions of the share based payment schemes it was determined that they meet the definition of equity settled as opposed to cash settled. As a result the 2018 comparatives had been restated to incorporate this change in accounting policy. In the process of preparation of the current year financial statements it was discovered that the restatement of the 2018 comparatives was duplicated in the results of financial year 2019. Consequently, the error was corrected by restating of the 2019 comparatives in the financial statements for the year ended 30 September 2020. The impact on the financial statements is as follows:

	2019 £ 000
Total Creditors: amounts falling due within one year as previously reported	**(73,380)**
Share based payments - reverse move of grant date fair value (GDFV) of awards to equity	(7,584)
Share base payments - reverse removal of revaluation applied under cash settled policy	(5,837)
Total adjustment	**(13,421)**
Total Creditors: amounts falling due within one year as restated	**(86,801)**

	2019 £000
Total Profit and Loss account as previously reported	**130,045**
Share based payments - reverse move of grant date fair value (GDFV) of awards to equity	(7,584)
Share base payments - remove revaluation applied under cash settled policy	(5,837)
Total Profit and Loss account as restated	**116,624**