

Registration number: 03101747

Air Products Group Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2020



Air Products Group Limited

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Air Products Group Limited

Strategic Report for the Year Ended 30 September 2020

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

Principal activity and business review

The principal activity of the company continues to be that of an intermediate holding company for the Air Products & Chemicals, Inc. UK and Ireland Group. Its principal subsidiaries' activities are the manufacture and sale of industrial gases and related products for their production and use.

The profit for the year ended 30 September 2020 was £126,340,000 (2019: £3,655,000 loss). The profit in the current year was a result of dividend income received of £129,420,000 (2019: £88,000).

Principal risks and Uncertainties

The company aims to manage financial risks to avoid potential negative impacts on results.

Cash flow risks

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

Credit risk

The company's principal financial assets are bank balances, cash, and investments.

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.

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.

Investment risk

The company faces investment risk related to the impairment of underperforming subsidiary undertakings. This is monitored through impairment reviews to confirm the carrying value of investments.

Brexit

The United Kingdom's (UK) exit from the European Union ("Brexit") brings risks and uncertainties for the group's subsidiary undertakings. The company anticipates no significant impact on subsidiary undertaking operations as a result of Brexit.

Covid-19

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. The director's assessment of the Covid-19 impact on the carrying value of subsidiary undertakings can be found in the directors' report on page 5.

Key Performance Indicators

The company does not trade, and its principal objective is to act as a holding company for the Air Products UK and Ireland group. As such, no key performance indicators are used to monitor performance.

Air Products Group Limited

Strategic Report for the Year Ended 30 September 2020

Future developments

The main objective of the company is to continue in its capacity as a holding company for the Air Products UK and Ireland group for the foreseeable future.

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.

The company is outside of the scope of the Streamlined Energy and Carbon Reporting (SECR) requirements.

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 what is needed to be successful and meet the groups 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 meets on a regular basis to formulate a long-term plan in line with strategic objectives, taking into consideration impacts on stakeholders.

b) the interests of the company's employees;

The company does not have any employees.

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

The company is a holding company and does not have any customers or suppliers.

d) the impact of the company's operations on the community and the environment;

The company is a holding company. The company aims to have a positive impact on the environment and community through the operations and activities of its subsidiaries.

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 group and expect all activities 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. Annual trainings are completed to ensure that standards are both met and maintained on an ongoing basis; and

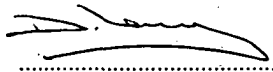
(f) the need to act fairly as between members of the company.

The company is a wholly owned subsidiary of Prodair Corporation.

Air Products Group Limited

Strategic Report for the Year Ended 30 September 2020

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D. Lény', is written over a dotted line.

D. Lény
Director

Date: 10th June 2021

Air Products Group Limited

Directors' Report for the Year Ended 30 September 2020

(Registered number 03101747)

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

Directors of the company

The directors who held office during the year and up to date of this report were as follows:

R. Boocock

C. Stinner

G. Weigard (resigned 31 January 2020)

M. Crocco (appointed 31 January 2020)

Dividends

The company received a £129,420,000 dividend in 2020 (2019: £88,000). The company paid dividends in the year of £129,420,000 (2019: £nil)

Policy and practice on payment

The group policy on the payment of creditors is to settle the terms of the payment with those suppliers when agreeing the terms of each transaction; ensure that those suppliers are made aware of the terms of the payment and abide by the terms of payment.

Political donations

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

Employees

The company has no employees.

Air Products Group Limited

Directors' Report for the Year Ended 30 September 2020

Going concern

The company currently has a net current liability position due to loans payable to other group entities. As a result, a letter of support has been provided by ultimate parent entity Air Products & Chemicals, Inc. The directors are satisfied that there are sufficient resources available under this facility to meet all financial requirements in the 12-month period from the date of signing these financial statements.

In assessing going concern, the directors have considered the impact Covid-19 has had on the carrying value and liquidity of subsidiary undertakings. The core business of the company's subsidiaries has continued to perform strongly during this period and continues to generate positive cashflows. The directors do not believe that the longer term wider economic impacts will have a significant effect on future subsidiary operations. Therefore, no adjustments to investment carrying values have been deemed necessary and the directors continue to adopt the going concern basis in preparation of these financial statements.

Disclosure of information to the auditors

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. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

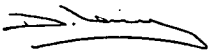
Financial management and Future Developments

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.

Auditors

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 on and signed on its behalf by:



.....
D. Leney
Director

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

Date: 10th June 2021

The notes on pages 14 to 26 form an integral part of these financial statements.

Air Products Group Limited

Directors' responsibilities statement

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.

Air Products Group Limited

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Air Products Group Limited (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 statement of other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 14.

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.

Air Products Group Limited

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

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 directors' responsibilities statement, 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.

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.

Air Products Group Limited

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

Report on other legal and regulatory requirements

Opinion 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

Date: 11 June 2021

Air Products Group Limited

Profit and Loss Account for the Year Ended 30 September 2020

	Note	2020 £ 000	2019 £ 000
Administrative expenses		(9)	(13)
Operating loss	2	(9)	(13)
Dividends Received	4	129,420	88
Interest receivable and similar income	5	126	10
Interest payable and similar expenses	6	(3,297)	(3,725)
Profit/(loss) before tax		126,240	(3,640)
Taxation	8	101	(15)
Profit/(loss) for the financial year		126,341	(3,655)

All results derive from continued operations.

The notes on pages 14 to 26 form an integral part of these financial statements.

Air Products Group Limited

The Statement of Other Comprehensive Income for the Year Ended 30 September 2020

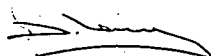
	Note	2020 £ 000	2019 £ 000
Profit/(loss) for the year		<u>126,341</u>	<u>(3,655)</u>
Total comprehensive income/(expense) for the year		<u>126,341</u>	<u>(3,655)</u>

The notes on pages 14 to 26 form an integral part of these financial statements.

Air Products Group Limited
(Registration number: 03101747)
Balance Sheet as at 30 September 2020

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Investments	9	653,018	653,018
Current assets			
Debtors	10	9,928	320
Cash at bank and in hand		407	345
		<u>10,335</u>	<u>665</u>
Creditors: Amounts falling due within one year	11	<u>(11,789)</u>	<u>(2,359)</u>
Net current liabilities		<u>(1,454)</u>	<u>(1,694)</u>
Total assets less current liabilities		651,564	651,324
Creditors: Amounts falling due after more than one year	11	(206,941)	(203,583)
Provisions for liabilities	12	<u>(774)</u>	<u>(813)</u>
Net assets		<u>443,849</u>	<u>446,928</u>
Capital and reserves			
Called up share capital	13	167,204	167,204
Other reserves		55,163	55,163
Profit and loss account		<u>221,482</u>	<u>224,561</u>
Total equity		<u>443,849</u>	<u>446,928</u>

Approved and authorised by the Board and signed on its behalf by:



D. Leney

Director

Date: 10th June 2021

The notes on pages 14 to 26 form an integral part of these financial statements.

Air Products Group Limited

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

		Share capital	Other reserves	Profit and loss	Total
		£ 000	£ 000	account	£ 000
		£ 000	£ 000	£ 000	£ 000
At 1 October 2018		167,204	55,163	228,216	450,583
Loss and total comprehensive income for the year		-	-	(3,655)	(3,655)
At 30 September 2019		167,204	55,163	224,561	446,928
				Profit and loss	Total
		Share capital	Other reserves	account	£ 000
		£ 000	£ 000	£ 000	£ 000
At 1 October 2019		167,204	55,163	224,561	446,928
Profit and total comprehensive income for the year		-	-	126,341	126,341
Dividends		-	-	(129,420)	(129,420)
At 30 September 2020		167,204	55,163	221,482	443,849

The notes on pages 14 to 26 form an integral part of these financial statements.

Air Products Group Limited

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

Air Products Group Limited (the 'company') is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard (FRS 102) issued by the Financial Reporting Council. The company has applied the amendments to FRS 102 issued by the FRC in December 2017 with effect from 1st January 2019. The functional and presentation currency of these financial statements is sterling as that is the currency of the primary economic environment in which the company operates. All amounts in the financial statements have been rounded to the nearest £1,000.

Basis of preparation

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

Measurement convention

These financial statements have been prepared using the historical cost convention.

Summary of disclosure exemptions

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 paragraph 1.12 (b), from preparing a statement of cash flow, on the basis that it is a qualifying entity and its parent company, Air Products and Chemicals Inc. includes the company's cash flow in its own consolidated financial statements.

The company has taken advantage of the exemption, under FRS 102 para 33.7 from disclosing total compensation of key management personnel. The company has taken advantage of the exemption for qualifying entities from certain financial instruments 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.

The company has taken advantage of the exemption, under FRS 33.1 (a), from disclosing related party transactions as they are all with other companies that are wholly owned by Air Products 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 (see Note 14).

Air Products Group Limited

1 Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

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. No sources of estimation uncertainty have been identified.

Critical accounting policies and judgements

Accounting for the carrying value of fixed asset investments requires judgment on the underlying economic value of the respective businesses of the company's subsidiary undertakings. Impairment reviews are carried out using measures such as total net assets, EBITDA multiples and discounted cash flow models to ascertain if current carrying values are appropriate.

Going concern

The company currently has a net current liability position due to loans payable to other group entities. As a result, a letter of support has been provided by ultimate parent entity Air Products & Chemicals, Inc. The directors are satisfied that there are sufficient resources available under this facility to meet all financial requirements in the 12-month period from the date of signing these financial statements.

In assessing going concern, the directors have considered the impact Covid-19 has had on the carrying value and liquidity of subsidiary undertakings. The core business of the company's subsidiaries has continued to perform strongly during this period and continues to generate positive cashflows. The directors do not believe that the longer term wider economic impacts will have a significant effect on future subsidiary operations. Therefore, no adjustments to investment carrying values have been deemed necessary and the directors continue to adopt the going concern basis in preparation of these financial statements.

Air Products Group Limited

1 Accounting policies (continued)

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.

Foreign exchange gains or losses on fixed income instruments which have corresponding derivative contracts are included in the profit and loss account under other income receivable/payable and similar income/charges to enable reporting of the net effect of all contracts on the company's financial position.

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.

Air Products Group Limited

1 Accounting policies (continued)

Basic Financial instruments

Other debtors / creditors

Other debtors are recognised initially at transaction price less attributable transaction costs. Other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in subsidiaries, jointly controlled entities and associates

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Taxation

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

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.

Dividend paid

Dividends paid are recognised in equity on the date the dividend has been paid.

Air Products Group Limited

1 Accounting policies (continued)

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if:

- a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Provisions

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. 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.

Dividend income

Dividend income is recognised in the profit and loss account on the date the company's right to receive payment is established.

Interest Payable

Interest payable and similar income includes interest payable and foreign exchange losses. Interest payable is recognised in profit and loss account as it accrues using the effective interest method.

Interest Receivable

Interest receivable and similar income includes interest receivable and foreign exchange gains. Interest receivable is recognised in profit and loss account as it accrues using the effective interest method.

Air Products Group Limited

1 Accounting policies (continued)

Impairment

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.

Other reserves

Other reserve included within equity represents capital contributions received in 2001 and 2005.

2 Operating loss

Arrived at after charging

	2020 £ 000	2019 £ 000
<i>Auditor's remuneration</i>		
Audit of these financial statements	9	7

No non-audit services were provided by the company's auditors in the current or prior year.

Air Products Group Limited

3 Directors' remuneration

Directors received no emoluments in connection with their services as a director of the company during the year (2019: £nil).

4 Income from other fixed asset investments

	2020 £ 000	2019 £ 000
Dividends from fixed asset investments	129,420	88

5 Other interest receivable and similar income

	2020 £ 000	2019 £ 000
Foreign exchange gain on cash and cash equivalents	(9)	10
Foreign exchange gain on loans from foreign companies	135	-
	126	10

6 Interest payable and similar expenses

	2020 £ 000	2019 £ 000
Interest payable to group companies	3,289	3,596
Foreign exchange loss on loans from group companies	-	83
Foreign exchange loss on cash and cash equivalents	8	-
Other foreign exchange losses	-	46
	3,297	3,725

7 Staff costs

The company has no employee costs as it relies on other group entities for the provision of administrative and management services. No salaries or wages have been paid to employees during the year as staff costs are borne by other group entities.

Air Products Group Limited

8 Taxation

Analysis of (credit)/ charge in the period:

	2020 £ 000	2019 £ 000
<i>UK corporation tax</i>		
Current tax on income for the period	(90)	(4)
Adjustments in respect of prior periods	-	1
Total current tax	(90)	(3)
Deferred taxation		
Origination/reversal of timing differences	19	18
Effect of changes in tax rates	(30)	-
Total deferred taxation	(11)	18
Tax credit in the profit and loss account	(101)	15

The tax on loss before the tax for the year is lower than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19.5%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Profit/(loss) before tax	126,240	(3,640)
Corporation tax at standard rate (19%)	23,986	(710)
Effect of expense not deductible in determining taxable profit (tax loss)	(24,589)	(17)
Increase in UK and foreign current tax from unrecognised temporary difference from a prior period	-	1
Tax increase arising from group relief	533	743
Other tax effects for reconciliation between accounting loss and tax charge/(credit)	(31)	(2)
Total tax (credit)/charge	(101)	15

Air Products Group Limited

8 Taxation (continued)

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. However, in his budget of 2020, the Chancellor of Exchequer proposed measures to hold the rate of corporation tax at 19%, effective 01 April 2020 and this change was substantively enacted on 17 March 2020. These rates have therefore been used to measure deferred tax assets and liabilities where applicable.

The 2021 Budget was delivered yesterday, 3 March. The changes announced will be in the Finance Bill 2021, so until these are substantially enacted they cannot be reflected in the measurement of tax charges and balances; but there are immediate disclosure implications for all financial statements signed from now until that date.

Legislation will be introduced in Finance Bill 2021 to set the main rate of corporation tax at 25% for Financial Year 2023, which will apply to profits above £250,000; and introduce a small profits rate of 19% for profits below £50,000. Marginal relief provisions will be introduced so that, where a company's profits fall between the lower and upper limits, it will be able to claim an amount of marginal relief that bridges the gap between the lower and upper limits providing a gradual increase in the Corporation Tax rate.

Deferred tax

Deferred tax assets

	Asset £ 000
2020	
At beginning of year	240
Charge to the profit and loss for the year	(20)
Adjustment in respect of prior periods	-
Effect of change in tax rate from 17% to 19%	31
	<hr/> 251 <hr/>
2019	
At beginning of year	258
Charge to the profit and loss for the year	(18)
Adjustment in respect of prior periods	-
Effect of change in tax rate from 17% to 19%	-
	<hr/> 240 <hr/>

Air Products Group Limited

9 Investments in subsidiaries, joint ventures and associates

Details of subsidiary undertakings

	2020 £ 000
Cost and carrying value	
At 1 October 2019	629,078
At 30 September 2020	629,078

Details of associates undertakings

	2020 £ 000
Cost and carrying value	
At 1 October 2019	23,940
At 30 September 2020	23,940

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 (BR) limited	Hersham Place Technology Park, Molesey Road, Walton-on-Themes, Surrey, KT12 4RZ, Great Britain	Directly	100%	100%
Air Products PLC	Hersham Place Technology Park, Molesey Road, Walton-on-Themes, Surrey, KT12 4RZ, Great Britain	Directly	100%	100%
Air Products Ireland Limited	Air Products Ireland Limited, Unit 950, Western Industrial Estate, Killeen Road, Dublin 12, Ireland	Indirectly	100%	100%
Air Products Renewable Energy Limited	Hersham Place Technology Park, Molesey Road, Walton-on-Themes, Surrey, KT12 4RZ, Great Britain	Indirectly	100%	100%
Air Products Yanbu Limited	Hersham Place Technology Park, Molesey Road, Walton-on-Themes, Surrey, KT12 4RZ, Great Britain	Indirectly	100%	100%

Air Products Group Limited

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

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
Dixons of Westerhope	Westfield, Newbiggin Lane, Westerhope, Newcastle Upon Tyne, NE5 1LX, Great Britain	Indirectly	100%	100%
Cryoservice Limited	Hersham Place Technology Park, Molesey, Road, Walton On Thames, Surrey, KT12, 4RZ, Great Britain	Indirectly	100%	100%
Gas Direct Ltd	White House Farm, Valley Lane Long, Bennington, Newark, Nottinghamshire, NG23 5EE, Great Britain	Indirectly	100%	100%
Joint ventures				
Air Products Llanwern Limited	Hersham Place Technology Park, Molesey Road, Walton-on-Thames, Surrey, KT12 4RZ, Great Britain	Indirectly	50%	50%
Associates				
Inversiones Air Products Holdings Limitada	Miraflores 222, Santiago, Región Metropolitana, Chile	Directly	11.5%	11.5%
Air Products and Chemicals de Mexico, S.A. de C.V.	Pasaje Interlomas n.16, Interlomas, Huixquilucan, CP 52760, Mexico	Directly	21%	21%

The principal activity of all undertakings is industrial gases. The class of shares held for all investments is Ordinary.

Air Products Group Limited

10 Debtors

	Note	2020 £ 000	2019 £ 000
Amounts owed by group undertakings		9,582	4
Other debtors		-	1
Deferred tax assets	8	251	240
Income tax asset		95	75
		<u>9,928</u>	<u>320</u>

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

11 Creditors

	2020 £ 000	2019 £ 000
Due within one year		
Amounts owed to group undertakings	11,780	2,352
Accruals and deferred income	9	7
	<u>11,789</u>	<u>2,359</u>
Due after one year		
Amounts owed to group undertakings	<u>206,941</u>	<u>203,583</u>

Intercompany loan transactions are at arm's length at interest rates equivalent to market rate.

12 Provisions

	Business Sale Provision £ 000	Total £ 000
At 1 October 2019	813	813
Foreign exchange revaluation	(39)	(39)
At 30 September 2020	<u>774</u>	<u>774</u>

Business Sale Provision

The company has recognised a provision in relation to legal obligations arising on the sale of a business.

Air Products Group Limited

13 Share capital

Authorised, allotted, called up and fully paid shares

	2020		2019	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares A of £1 each	167,204	167,204	167,204	167,204

The Company has one class of ordinary shares which carry no right to fixed income.

14 Parent and ultimate parent undertaking

The company is a subsidiary undertaking of Air Products and Chemicals Inc, which is both immediate and ultimate parent and controlling party. Air Products and Chemicals Inc is incorporated in Delaware, USA.

The largest and the smallest group in which the results of the company are consolidated is that headed by Air Products and Chemicals, Inc., the ultimate controlling party and a company incorporated in the State of Delaware, USA. The address of the smallest and largest undertaking is the same and is mentioned below. The consolidated financial statements of this group are available to the public and may be obtained from its registered office:

Corporate Secretary
Air Products and Chemicals, Inc.
7201 Hamilton Boulevard
Allentown
Pennsylvania 18195 - 1501