Company registration no. 2103630

Air Liquide Limited

Annual Report and Financial Statements
For the year ended 31 December 2015

Contents

For the year ended 31 December 2015

Company Information

For the year ended 31 December 2015

Directors

S Villepontoux

A Combier

J Webber

P Escudie

R Murphy

Secretary

M Hasnip

Auditors

Mazars LLP

45 Church Street

Birmingham

B3 2RT

Bankers

Citibank N.A.

Citigroup Centre

Canary Wharf

London

E14 1BD

Solicitors

MacFarlanes

10 Norwich Street

London

EC4A 1BD

Registered Office

Station Road

Coleshill

Birmingham

B46 1JY

Strategic Report

For the year ended 31 December 2015

Business Review

The directors present their review of the development and performance of the business of Air Liquide Limited ("the company") for the year ended 31 December 2015 as well as the position of the company as at that date.

Gross Profit

	2015	2014
	£'000	£'000
Revenue	4,373	4,766
Cost of sales	(1,793)	(1,790)
Gross profit	**2,580**	**2,976**
%	59.0%	62.4%

Revenue has decreased due to the loss of certain contracts in 2014. The gross margin has also diminished as a result of this fall in sales volume due to an element of fixed costs within cost of sales.

Operating Loss

	2015	2014
	£'000	£'000
Distribution expenses	(1,931)	(2,303)
Administration expenses	(1,308)	(1,806)
Other operating income	364	-
Operating loss	**(295)**	**(1,133)**

Other operating income reflects receipt of amounts previously written off in the P&L.

Financial Result

	2015	2014
	£'000	£'000
Restructuring costs	-	(1,900)
Loss before tax	**(295)**	**(3,033)**

The exceptional item in 2014 relates to impairment in the carrying amount of fixed assets as a result of contracts lost.

Strategic Report

For the year ended 31 December 2015

Balance Sheet

The main movement in the balance sheet is a reduction debtor and creditor balances as a result of the decrease in sales volumes.

Principal risks and uncertainties facing the company

The nature of Healthcare provision in the UK is such that the company's customer base is highly concentrated and the loss or gain of a contract can have a material impact on sales and therefore on the net result. The company therefore needs to maintain high service levels to retain and develop turnover. Government spending cuts could also potentially have an impact on negotiations with customers/potential customers regarding price.

Future developments

The company actively continues to review existing and new contracts with the intention to grow value added business.

Environmental and Safety Considerations

Commitment to safety is the company's first consideration. The number of accidents is the first key performance indicator reported on to group every month. Any accidents at the workplace are recorded, fully investigated and corrective action instigated at the earliest opportunity. Active communication and training campaigns are implemented and information is shared with the group. The company is fully involved in the group's Industrial Management System which aims to reduce both the incidence and the impact of accidents.

Air Liquide Limited, as the rest of Air Liquide Group, remains committed to sustainable development and is proactive in its efforts to reduce the impact of its activities on the environment. A summary of safety and environmental indicators covering the Air Liquide Group can be found in the group's annual report.

Financial Instruments

The objectives and policies of Air Liquide Limited are designed to limit the exposure of the company to financial risk as much as possible. Material foreign currency transactions are hedged with forward exchange contracts.

Credit risk, liquidity risk and cash flow risk are considered by the directors to be limited due to the customer base being mainly in the public sector, and the fact that the company loans any excess funds to the Air Liquide Group, which itself has an excellent credit rating.

Directors' Report

For the year ended 31 December 2015

The directors present their report and the audited financial statements of the company for the year ended 31 December 2015.

Results and dividends

The loss for the year after tax amounted to £295,000. The directors do not recommend the payment of a dividend in respect of 2015.

Principal activity

The company's principal activities during the year were the purchase, manufacture, distribution and sale of medical gases and associated equipment.

Directors and their interests

The directors during the year and to date were as follows:

S Villepontoux
A Combier
J Webber
P Escudie (Appointed 26 January 2015)
J Chassaigne (Resigned 15 January 2015)
R Murphy (Appointed 15 December 2015)

Employees

Disabled persons

The company's managers are instructed to give sympathetic consideration when recruiting to applications from disabled persons. Managers are also required to bear in mind the special needs of disabled employees (including those who become disabled while in the company's employment) in the work place, and to seek to ensure that the handicaps suffered by disabled employees do not adversely affect their promotional prospects.

Employee involvement

The company's financial results are presented to its employees as part of the established pattern of management information communication meetings throughout the year.

Matters resulting in structural changes within the company are fully discussed with affected employees through a formal consultation process.

Creditor payment policy

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

Auditors

A resolution to reappoint Mazars LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

Directors' Indemnity

The directors confirm that no qualifying third party indemnity provision in favour of any of the directors of the company, as defined by s236 of the Companies Act 2006, either by the company or by any other party, was in force at the time of signing of this report, and that no such provision had been in force at any time in the financial year.

Directors' Report

For the year ended 31 December 2015

Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. Each director has made enquiries of his fellow directors and of the company's auditors for that purpose. The directors have taken all such other steps for that purpose, as were required by their duty as directors of the company to exercise due care, skill and diligence.

By order of the board

Secretary 9 June 2016

MATTHEW HASNIP

Independent Auditor's Report to the members of Air Liquide Limited

For the year ended 31 December 2015

We have audited the financial statements of Air Liquide Limited for the year ended 31 December 2015 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 'Reduced Disclosure Framework'.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 101 'Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditor's Report to the members of Air Liquide Limited

For the year ended 31 December 2015

Opinion on the other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- 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.

Paul Lucas (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Mazars LLP,
45 Church Street,
Birmingham.
B3 2RT

Date: 29 June 2016

Statement of Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Revenue	3	**4,373**	4,766
Cost of sales		**(1,793)**	(1,790)
Gross profit		**2,580**	2,976
Distribution expenses		**(1,931)**	(2,303)
Administrative expenses		**(1,308)**	(1,806)
Other operating income		**364**	-
Operating profit		**(295)**	(1,133)
Restructuring costs	5	**-**	(1,900)
Profit before taxation		**(295)**	(3,033)
Taxation	8	**-**	606
Profit for the year attributable to the owners of the Company		**(295)**	(2,427)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:		**-**	-
Items that may subsequently be reclassified to profit or loss:		**-**	-
Total comprehensive income for the year attributable to the owners of the Company		**(295)**	(2,427)

Statement of Financial Position

As at 31 December 2015

	Notes	2015 £'000	2014 £'000
ASSETS			
Non-current assets			
Intangible assets	10	**169**	218
Property, plant and equipment	11	**3,305**	3,962
Investment in subsidiary undertaking	12	**43,331**	43,331
		46,805	47,511
Current assets			
Inventories	13	**344**	355
Trade and other receivables	14	**768**	1,089
Current tax asset		**353**	532
Cash and cash equivalents		**2**	57
		1,467	2,033
Total assets		**48,272**	49,544
LIABILITIES			
Current liabilities			
Trade and other payables	15	**14,153**	14,963
Non-current liabilities			
Provisions	17	**193**	360
Deferred tax liabilities	16	**110**	110
		303	470
Total liabilities		**14,456**	15,433
Net assets		**33,816**	34,111
EQUITY			
Share capital	19	**25,700**	25,700
Retained earnings		**8,116**	8,411
Total equity		**33,816**	34,111

The financial statements were approved by the Board of Directors and authorised for issue on 9 June 2016 and signed on their behalf by:

....

Richard Murphy

Director

Statement of Changes in Equity

As at 31 December 2015

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2014	25,700	10,838	36,538
Profit for the year	-	(2,427)	(2,427)
Other comprehensive income	-	-	-
Total comprehensive income	-	(2,427)	(2,427)
At 31 December 2014	**25,700**	**8,411**	**34,111**
Profit for the year	-	(295)	(295)
Other comprehensive income	-	-	-
Total comprehensive income	-	(295)	(295)
At 31 December 2015	**25,700**	**8,116**	**33,816**

Notes to the Financial Statements

for the year ended 31 December 2015

1. Corporate information

Air Liquide Limited is a Company incorporated in the United Kingdom. The registered address of the Company is given on page 1. The principal operations of the Company are included in the directors' report on page 4.

2. Accounting policies

2.1. Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") and in accordance with the applicable provisions of the Companies Act 2006. Except for certain disclosure exemptions detailed below, the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (EU-adopted IFRSs) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ('Regulations').

This is the first year the Company has prepared its financial statements in accordance with FRS 101, accordingly the financial information as at 1 January 2014 (being the date of transition) and for the year ended 31 December 2014 have been restated to comply with FRS 101.

UK generally accepted accounting practices ("UK GAAP") differs in certain respects from FRS 101, hence when preparing these financial statements, management has amended certain accounting and measurement bases to comply with FRS 101. The disclosures required by IFRS 1 'First-time Adoption of International Financial Reporting Standards' ("IFRS 1") concerning the transition, are given in Note 25.

IFRS 1 permits the Company to take advantage of certain exemptions from applying the requirements on a fully retrospective basis as at the date of transition in certain instances. The Company has chosen not to apply any of the optional exemptions which are permitted under IFRS 1

Basis of measurement

The financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

Consolidated financial statements

The Company is exempt from the requirement to prepare consolidated financial statements under Section 400 of the Companies Act 2006. Consolidated financial statements are prepared by Air Liquide SA, the ultimate parent undertaking, incorporated in France and are available from the address set out in note 27. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they have continued to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the Financial Statements

for the year ended 31 December 2015

2.1. Basis of preparation (continued)

Amendments to FRS 101

In July 2015, amendments were made to FRS 101 as a consequence of changes made to EU-adopted IFRS and to maintain consistency with Company law. The Company has adopted these amendments early as permitted by the standard. The amendments applied are detailed as follows:

(i) The amendments to paragraphs 5, 7A and 8(j) of the standard arising from the 2014/2015 cycle allows the Company to take advantage of the exemption from the requirement to present an opening statement of financial position at the date of transition and the requirement to disclose key management personnel compensation.

(ii) The amendments to *The Companies, Partnerships and Groups (accounts and Reports) Regulations 2015(SI 2015/980)* which permits a qualifying entity choosing to apply 1A(1) and 1A(2) of Schedule 1 to *The Large and Medium-sized Companies and Groups (Accounts and Report) (SI 2008/410)* the option to apply the relevant presentation requirements of IAS 1 *Presentation of Financial Statements*.

Disclosure exemptions applied

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101 paragraph 8:

(i) The requirement of IFRS 7 'Financial Instruments: Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;

(ii) The requirement of IFRS 13 'Fair Value Measurement' paragraphs 91 to 99 relating to the fair value measurement disclosures of financial assets and financial liabilities that are measured at fair value, such as the available for sale investments and derivative financial instruments;

(iii) The applicable requirements of IAS 36 'Impairment of Assets' relating to the disclosures of estimates used to measure recoverable amounts;

(iv) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79(a)(iv)), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73(e)) and the reconciliation of the carrying amount of intangible assets (IAS 18(118)(e)).

(v) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;

(vi) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d), 111 relating to the presentation of a Cash Flow Statement;

(vii) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective; and

(viii) The requirements of IAS 24 'Related Party Disclosures' relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the Company and other wholly-owned subsidiaries of the group.

For the disclosure exemptions listed in points (i) to (iii), the equivalent disclosures are included in the consolidated financial statements of the group, Air Liquide SA which the Company is consolidated into.

Further, as permitted by FRS 101 paragraph 7A, the Company has not presented an opening statement of financial position at the date of transition.

Notes to the Financial Statements

for the year ended 31 December 2015

2.1. Basis of preparation (continued)

Functional and presentational currency

The Company's functional currency is Sterling, as this is the currency of the primary economic environment of that which the Company operates. The financial statements are presented in Sterling.

Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 and in any future periods affected.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 2.14.

2.2. Foreign currency

Transactions in foreign currencies are translated into the functional currency at the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at each reporting date are translated into the functional currency at the spot exchange rates as at that date.

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.

Foreign currency differences arising on translation are recognised in profit or loss.

2.3. Revenue

Revenue represents the amount receivable for the sale of medical gases and associated equipment during the year, excluding VAT and trade discounts. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be measured reliably. Revenue for the sale of medical gases and associated equipment is recognised when invoiced.

2.4. Income tax

Current income tax assets and/or liabilities comprise obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid/due at the reporting date. Current tax is payable on taxable profits, which may differ from profit or loss in the financial statements. Calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). However, for deductible temporary differences associated with investments in subsidiaries a deferred tax asset is recognised when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Notes to the Financial Statements

for the year ended 31 December 2015

2.4. Income tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

2.5. Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are recognised at cost less any accumulated amortisation and any accumulated impairment losses.

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for intangible assets with a finite useful life is reviewed at least each financial year-end. If the expected useful of the asset is different from previous estimates, the amortisation period is changed accordingly.

At the year-end, the following estimated useful lives of other intangible assets were as follows:

Computer software	10-30% per annum
Licenses	Life of related contract

2.6. Property plant and equipment

Property, plant and equipment is recognised as an asset only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost of an item of property, plant and equipment comprises the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an initial estimate of the cost of dismantling and removing the asset and restoring the site on which it is located.

After recognition, all property, plant and equipment are carried at costs less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided at rates calculated to write down the cost of assets, less estimated residual value, over their expected useful lives on the following basis:

Freehold buildings	40 years
Leasehold land and buildings	life of lease
Plant and machinery	5-30 years for cylinders and 4-10 years for others
Motor vehicles	4 years

Construction in progress is not depreciated until brought into use.

The residual value and the useful life of an asset is reviewed at least at each financial year-end and if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying value of the asset and are recognised in profit or loss.

2.7. Investments in subsidiary undertakings

Investments in subsidiary undertakings are measured at cost less accumulated impairment losses.

Notes to the Financial Statements

for the year ended 31 December 2015

2.8. Impairment of non-financial assets

At each reporting date, the Company reviews the carrying value of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, or cash generating unit.

The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is less than the carrying amount, an impairment loss is recognised immediately in profit or loss. An impairment loss recognised for all assets is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply.

2.9. Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventories comprises all costs incurred in bringing each product to its present location and condition, as follows:

- Raw materials, consumables and goods for resale – purchase cost
- Work in progress and finished goods – costs of direct materials and labour plus attributable overheads based on a normal level of activity

Cost is determined on a first-in, first-out ("FIFO") basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.10. Financial instruments

Financial assets carried at amortised cost

Financial assets are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value plus directly attributable transaction costs.

Financial assets carried at amortised cost are classified as loans and receivables and comprise trade and other receivables and cash and cash equivalents. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest bearing loans and borrowings.

Financial liabilities are initially recognised at fair value adjusted for any directly attributable transaction costs.

Notes to the Financial Statements

for the year ended 31 December 2015

2.10. Financial instruments (continued)

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Derivative financial instruments

The Company uses forward foreign currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value are taken directly to profit or loss.

2.11. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

2.12. Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period retained profits.

2.13. Leased assets

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Company is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability.

This liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

2.14. Significant management judgements in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Company that have the most effect on the financial statements.

Revenue recognition

Management recognise revenue when the sale of good is invoiced. In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18

Notes to the Financial Statements

for the year ended 31 December 2015

2.14. Significant management judgements in applying accounting policies and estimation uncertainty (continued)

"Revenue" and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods.

Recognition of deferred tax assets

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Estimation uncertainty

Information about estimates and assumption that have the most significant effect on the recognition of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of goodwill and other non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and where applicable, using an interest rate to discount them. Estimation uncertainty relates to the assumptions about future operating results and the determination of a suitable discount rate.

Fair value measurement

Management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual process that would be achievable in an arm's length transaction at the reporting date.

Determining residual values and useful economic lives of fixed assets

The Company depreciates tangible fixed assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

2.15. Adoption of new and revised standards

The following standards and interpretations have been adopted in the financial statements as they are mandatory for the year ended 31 December 2015:

	EU effective date Periods beginning on or after
IFRIC 21 'Levies'	*17 June 2014*
Annual Improvements to IFRS (2011 - 2013)	*1 January 2015*

The adoption of the standards and interpretations above has not had a material impact on the Company's financial statements.

Notes to the Financial Statements

for the year ended 31 December 2015

3. Revenue

The revenue and profit before taxation were derived from one activity, being the supply of medical gases.

All of this revenue had a destination within the UK.

4. Operating profit

	2015 £'000	2014 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	**623**	2,176
Amortisation of intangible assets	**49**	51
Loss/(profit) on disposal of property, plant and equipment	**(14)**	(2)
Cost of inventories recognised as expense	**480**	462
Foreign exchange (gains)/losses	**-**	11
Operating lease rentals		
- Plant and machinery	**27**	32
- Other	**1**	2

Audit fees are paid by Air Liquide UK Limited under a shared services agreement.

5. Restructuring costs

A provision was recognised in 2014 in relation to restructuring expenses following the loss of contracts. The balance reflects the estimated costs expected in order to close the operations in relation to these contracts.

6. Directors' remuneration

	2015 £'000	2014 £'000
Remuneration for qualifying services	-	-
Remuneration disclosed above include the following amount(s) paid to the highest paid director:		
Remuneration for qualifying services	-	-

During the year no (2014: no) directors were accruing retirement benefits.

Notes to the Financial Statements

for the year ended 31 December 2015

7. Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2015 £'000	2014 £'000
Production	**3**	3
Sales and distribution	**4**	5
	7	8

Employment costs

	2015 £'000	2014 £'000
Wages and salaries	**318**	306
Social security costs	**34**	36
Other pension costs	**18**	19
Redundancy costs	**20**	107
	390	468

Notes to the Financial Statements

for the year ended 31 December 2015

8. Income tax

	2015 £'000	2014 £'000
Tax for current year	-	(266)
Prior year adjustment	-	-
Total current tax expense	-	(266)
Deferred tax for current year	-	(340)
Total tax expense/(credit)	-	(606)

The tax rate used for the reconciliation is the corporate tax rate of 20.25% (2014: 21.50%) payable by the Company in the UK on taxable profits under UK tax law.

The charge for the year can be reconciled to the loss for the year as follows:

	2015 £'000	2014 £'000
Profit/(loss) before taxation	(295)	(3,033)
Income tax calculated at 20.25% (2014: 21.50%)	(60)	(652)
Effect of expenses that are not deductible	-	3
Other	2	43
Losses not recognised	58	-
Total tax expense/(credit)	-	(606)

9. Dividends paid and proposed

During the year dividends of £Nil (2014: £Nil) were declared and paid of £Nil per share (2014: £Nil).

It is proposed that a final dividend of £Nil (2014: £Nil) of £Nil per share (2014: £Nil) be approved at the Annual General Meeting.

Notes to the Financial Statements

for the year ended 31 December 2015

10. Intangible assets

	Software	Licenses	Total
	£'000	£'000	£'000
Cost			
At 1 January 2015	306	50	356
Additions	-	-	-
Disposals	-	-	-
As at 31 December 2015	306	50	356
Amortisation			
At 1 January 2015	88	50	138
Charge for the year	49	-	49
Disposals	-	-	-
As at 31 December 2015	137	50	187
Carrying amount			
As at 31 December 2015	**169**	-	**169**
As at 31 December 2014	218	-	218

11. Property, plant and equipment

	Land and building £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2015	48	16,374	10	16,432
Additions	-	-	-	-
Disposals	(41)	(6,051)	(10)	(6,102)
As at 31 December 2015	7	10,323	-	10,330
Depreciation				
At 1 January 2015	17	12,443	10	12,470
Charge for the year	1	625	-	626
Disposals	(13)	(6,048)	(10)	(6,071)
As at 31 December 2015	5	7,020	-	7,025
Carrying amount				
As at 31 December 2015	**2**	**3,303**	-	**3,305**
As at 31 December 2014	31	3,931	-	3,962

At the year end, the amount of contractual commitments for the acquisition of property, plant and equipment was £Nil (2014:£Nil).

Notes to the Financial Statements

for the year ended 31 December 2015

12. Investments in subsidiary undertakings

	2015	2014
	£'000	£'000
Cost		
At 1 January 2015 and 31 December 2015	43,331	43,331
Accumulated impairment		
At 1 January 2015 and 31 December 2015	-	-
Carrying amount		
At 1 January 2015 and 31 December 2015	43,331	43,331

Details of the Company's subsidiary is set out below:

Company	(In)direct	Class of shares	Percentage shareholding
Air Liquide (Homecare) Limited	Direct	Ordinary £1	100%

The principal activity of the subsidiary is the provision of healthcare services delivered directly to the community in their homes.

The subsidiary shares the same registered office as the Company which is disclosed on page 1.

13. Inventories

	2015	2014
	£'000	£'000
Raw materials and consumables	91	95
Finished goods and goods for resale	253	260
	344	355

14. Trade and other receivables

	2015	2014
	£'000	£'000
Trade receivables	768	1,085
Amounts owed by parent undertaking and fellow subsidiary undertakings	-	1
Prepayments and accrued income	-	3
	768	1,089

Trade receivables at the reporting date are shown above net of provisions.

Notes to the Financial Statements

for the year ended 31 December 2015

15. Trade and other payables

	2015 £'000	2014 £'000
Trade payables	**212**	104
Amounts owed to parent undertakings and fellow subsidiary undertakings	**13,584**	14,570
Taxation and social security	**194**	128
Accruals	**161**	158
Other creditors	**2**	3
	14,153	14,963

16. Deferred tax liabilities

	Accelerated capital allowances £'000	Other temporary differences £'000	Total £'000
At 1 January 2015	111	(1)	110
Debit/(credit) to profit or loss	(1)	1	-
As at 31 December 2015	110	-	110

Analysis of deferred tax balances for financial reporting purposes:

	2015 £'000	2014 £'000
Deferred tax assets	**-**	(1)
Deferred tax liabilities	**110**	111
	110	110

Notes to the Financial Statements

for the year ended 31 December 2015

17. Provisions

	£'000
At 1 January 2015	360
Amounts utilised during the year	(167)
Balance as at 31 December 2015	**193**

Please see note 5.

18. Pensions

Air Liquide Limited operates two defined contribution schemes. One of these is open to all staff who have been employed by the company for at least 12 months. The other scheme is now closed to new entrants. The assets of the schemes are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and has been disclosed in note 7. Contributions totaling £2,000 (2014: £2,000) were payable to the fund at the year-end and are included in trade and other payables.

19. Share capital

	2015 £'000	2014 £'000
Authorised		
30,000,000 Ordinary shares of £1each	**30,000**	30,000
Allotted, called up and fully paid		
25,700,000 Ordinary shares of £1each	**25,700**	25,700

20. Contingent liabilities

At 31 December 2015, the Company had no contingent liabilities (2014: none).

Notes to the Financial Statements

for the year ended 31 December 2015

21. Financial commitments

The Company has no finance leases.

The Company has operating leases for motor vehicles.

At 31 December 2015, the Company's future minimum rentals payable under non-cancellable operating leases were as follows:

	2015 £'000	2014 £'000
In one year or less	11,298	12,237
Between one and five years	2,630	13,005
In five years or more	-	-
	13,928	25,242

22. Related party relationships and transactions

The Company did not enter into any related party transactions other than with group undertakings that are wholly owned members of the same group (2014: None).

23. Events after the reporting period

There are no significant events after the year-end.

24. Ultimate controlling party

The Company's immediate parent undertaking is Air Liquide UK Limited, which is incorporated in France. The Company's ultimate parent undertaking and controlling party is Air Liquide SA, which is incorporated in France.

Copies of the Air Liquide SA group financial statements may be obtained from:

Air Liquide SA
75 Quai d'Orsay
75321 Paris Cedex 07
France

Notes to the Financial Statements

for the year ended 31 December 2015

25. First year adoption of FRS 101

Reconciliation of equity at 1 January 2014 for the Company - date of transition to FRS 101

	UK GAAP as previously reported	Effect of transition into FRS 101	FRS 101
	£'000	£'000	£'000
ASSETS			
Non-current assets			
Intangible assets	-	(a) 269	269
Property, plant and equipment	6,281	(a) (269)	6,012
Investments in subsidiary undertakings	43,331		43,331
	49,612		49,612
Current assets			
Inventories	347		347
Trade and other receivables	1,412		1,412
Current tax assets	267		267
Cash and cash equivalents	-		-
	2,026		2,026
Total assets	51,638		51,638
LIABILITIES			
Current liabilities			
Trade and other payables	14,541		14,541
Derivative financial instruments	-	(b) 9	9
	14,541		14,550
Non-current liabilities			
Deferred tax liabilities	450		450
Provisions	100		100
	550		550
Total liabilities	15,091		**15,100**
Net assets	36,547		**36,538**
EQUITY			
Share capital	25,700		25,700
Retained earnings	10,847	(b) (9)	**10,838**
Total equity	36,547		**36,538**

Notes to the Financial Statements

for the year ended 31 December 2015

Reconciliation of equity at 31 December 2014

	UK GAAP as previously reported	Effect of transition into FRS 101	FRS 101
	£'000	£'000	£'000
ASSETS			
Non-current assets			
Intangible assets	-	(a) 218	218
Property, plant and equipment	4,180	(a) (218)	3,962
Investments in subsidiary undertakings	43,331		43,331
	47,511		47,511
Current assets			
Inventories	355		355
Trade and other receivables	1,089		1,089
Current tax assets	532		532
Cash and cash equivalents	57		57
	2,033		2,033
Total assets	49,544		49,544
LIABILITIES			
Current liabilities			
Trade and other payables	14,963		14,963
Non-current liabilities			
Deferred tax liabilities	110		110
Provisions	360		360
	470		470
Total liabilities	15,433		15,433
Net assets	34,111		34,111
EQUITY			
Share capital	25,700		25,700
Retained earnings	8,411		8,411
Total equity	34,111		34,111

Notes to the Financial Statements

for the year ended 31 December 2015

Reconciliation of total comprehensive income for the year ended 31 December 2014

	UK GAAP as previously reported	Effect of transition into FRS 101	FRS 101
	£'000	£'000	£'000
Revenue	4,766		4,766
Cost of sales	(1,790)		(1,790)
Gross profit	2,976		2,976
Distribution expenses	(2,303)		(2,303)
Administration expenses	(1,815)	(b) 9	(1,806)
Operational profit	(1,142)		(1,133)
Restructuring costs	(1,900)		(1,900)
Profit before taxation	(3,042)		(3,033)
Taxation	606		606
Profit for the year attributable to the owners of the Company	(2,436)		(2,427)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:	-		-
Items that may subsequently be reclassified to profit or loss:	-		-
Total comprehensive income for the year attributable to the owners of the Company	(2,436)		(2,427)

Notes to the Financial Statements

for the year ended 31 December 2015

Explanation of the effect of the transition to FRS 101

(a) IAS 38 'Intangible Assets'

This transitional adjustment relates to the reclassification of software costs from property, plant and equipment to intangible assets, and the consequential reclassification of the associated depreciation charge to be presented as an annual amortisation charge. There has been no impact on the retained earnings position as at 1 January 2014 or 31 December 2014, or profit or loss for the year ending 31 December 2014.

This adjustment has resulted in a reclassification adjustment from property, plant and equipment to intangible assets of £269,000 at 1 January 2014 and £218,000 at 31 December 2014, and a reclassification adjustment within administrative expenses of £51,000 for the year ending 31 December 2014.

There has been no impact on taxation.

(b) IAS 39 'Financial Instruments: Recognition and Measurement'

This transitional adjustment relates to the recognition of the fair value of derivative financial instruments held by the Company.

This adjustment has resulted in the recognition of a financial instrument liability of £9,000 at 1 January 2014.

The adjustments have also resulted in a decrease to the opening retained earnings position of £9,000 and a consequential profit or loss movement during the year ending 31 December 2014 of £9,000.