Air Products Renewable Energy Limited

Annual report and financial statements

Registered number 08443239

For year ended 30 September 2015

Annual report and financial statements

Contents

Directors' report *(Registered number 08443239))*

The directors present their annual report and the audited financial statements for the year ended 30 September 2015.

Principal activities

On 29 March 2016, the Board of Directors of the Company's ultimate parent, Air Products and Chemicals, Inc, confirmed the Air Products Group's exit from its Energy-from-Waste (EfW) business. As a result, efforts to start up and operate the Company's EfW project located in Tees Valley, United Kingdom, have been discontinued. The decision to exit the business and stop development of the EfW projects was based on continued difficulties encountered with the Company's project; and the conclusion, based on testing and analysis completed during 2016, that significant additional time and resources would be required to make the projects operational.

As a result, the Company's EfW plant assets have been written down to their estimated net realizable value of £7,016,000 at 30 September 2015 recording an impairment charge of £187,299,000 in the year ended 30 September 2015. In addition, anticipated charges of £37,347,000 have been provided for in relation to subsequent capital expenditure on the Company's facility and plant dismantling costs expected to be incurred in year ending 30 September 2016. For these reasons, as explained in Note 1, the directors have decided not to prepare the accounts on a going concern basis.

Principal risks and uncertainties

As the company is wound up the principal risk is the settlement of the remaining net assets.

Proposed dividend

The directors proposed and paid a dividend of £nil during the year (2014: £nil).

Directors

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

D. Leney
M. Sambrook
J. Lockett
D. Meadows
D. Taylor

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

Political and charitable contributions

The company made no political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will deemed to be reappointed and KPMG LLP will therefore continue in office.

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

D. Meadows
Director

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

9th August 2016

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Air Products Renewable Energy Limited

We have audited the financial statements of Air Products Renewable Energy Limited for the year ended 30 September 2015 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

• give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its loss for the year then ended;

• have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and

• have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - non-going concern basis for preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note.

Opinion on other matter prescribed by the Companies Act 2006

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

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

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; or

• the directors were not entitled to take advantage of the small company's exemption from the requirement to prepare a strategic report.

Adrian Collier (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants,
15 Canada Square,
Canary Wharf,
London,
E14 5GL,
United Kingdom

11 August 2016

Profit and Loss Account
for the year ended 30 September 2015

	Note	2015	2014
		£000	£000
Turnover	2	-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		**(38,674)**	(466)
Impairment of fixed assets	8	**(187,299)**	-
Operating profit/ (loss)		**(225,973)**	(466)
Interest payable and similar charges	6	**(937)**	(35)
Profit/ (loss) on ordinary activities before taxation		**(226,910)**	(501)
Tax on profit on ordinary activities	7	**(187)**	105
Profit/ (loss) for the financial year	13	**(227,097)**	(396)

The operating loss for the current year arose from discontinuing operations.

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

The notes on pages 9 to 15 form part of these financial statements.

Balance Sheet
as at 30 September 2015

	Note	2015		2014	
		£000	**£000**	£000	£000
Fixed Assets					
Tangible assets	*8*		**-**		66,885
Current assets					
Tangible assets	*8*	**7,016**		-	
Debtors	*9*	**5,216**		1,311	
		12,232		1,311	
Creditors: amounts falling due within one year	*10*	**(240,000)**		(68,867)	
Net current liabilities			**(227,768)**		(67,556)
Net liabilities			**(227,768)**		(671)
Capital and reserves					
Called up share capital	*12*		**-**		-
Profit and loss account	*13*		**(227,768)**		(671)
Shareholders' funds – equity			**(227,768)**		(671)

These financial statements were approved by the board of directors on 9th August and were signed on its behalf by:

D. Meadows
Director

Company registration number **08443239**

Explanatory Notes from pages 9 to 15 form part of these financial statements

Reconciliation of Movements in Shareholders' Funds

as at 30 September 2015

	2015 £000	2014 £000
Profit/ (Loss) for the financial year	**(227,097)**	(396)
Net (reduction)/ addition to equity shareholders' funds	**(227,097)**	(396)
Opening equity shareholders' funds	**(671)**	(275)
Closing equity shareholders' funds	**(227,768)**	(671)

Explanatory Notes from pages 9 to 15 form part of these financial statements

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

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

Under FRS1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Air Products Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Air Products Group Limited, within which this company is included, can be obtained from the company's registered office.

Going Concern

As detailed in the director's report on page 1, the Board of Directors of the Company's ultimate parent, Air Products and Chemicals, Inc, confirmed the Air Products Group's exit from its Energy-from-Waste (EfW) business in 2016. Following this decision, given the construction of an Energy-from-Waste facility was the company's sole business, directors have decided not to prepare the financial statements on a going concern basis. Apart from the impairment of fixed assets as described in note 8 and the creation of provisions as described in note 10, no other adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

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

Costs include directly attributable finance costs.

Impairment of fixed assets

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 exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

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.

1 Accounting policies *(continued)*

***Impairment of fixed assets** (continued)*

Reversals of impairment

For 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.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Borrowing costs

Borrowing costs are capitalised where these can be directly related to the acquisition, construction or production of qualifying assets. All other borrowing costs are recognised in the profit and loss as incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value on a line by line basis. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

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

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents the amounts (excluding value added tax, credit notes and returns) derived from the provision of goods to customers. Sales of industrial gases and related equipment are recorded at the time of delivery.

Notes *(continued)*

2 Analysis of turnover

All of the turnover and profit before tax is attributable to the sole principal activity of the company arises in the UK.

3 Notes to the profit and loss account

The Auditor's remuneration in respect of the audit of these financial statements was £5,000 (2014:£5,000).

4 Remuneration of directors

No director received any emoluments in connection with their services as a director of the Company during the year.

5 Staff numbers and costs

The company has £nil employee costs as it relies on Air Products PLC for the provision of operational, administrative and management services. £nil salaries or wages have been paid to employees during the year as staff costs are borne by Air Products PLC.

6 Interest payable and similar charges

	2015	2014
	£000	£000
Payable to group undertakings	**(937)**	(35)

Notes *(continued)*

7 Taxation

Analysis of credit in period:

	2015 £000	2014 £000
UK corporation tax		
Current tax on income for the period	-	-
Total current tax	-	-
Deferred tax (see note11)		
Origination / reversal of timing differences	**(187)**	105
Tax on profit on ordinary activities	**(187)**	105

Factors affecting the tax charge for the current period

The current tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK of 20.5% (2014: 21%). The differences are explained below:

	2015 £000	2014 £000
Current tax reconciliation		
Loss on ordinary activities before tax	**(226,910)**	(501)
Current tax at 20.5% (21% in FY14)	**46,517**	105
Effects of:		
Expenses not deductible for tax purposes	**(46,053)**	-
Deferred tax from current year losses	**(464)**	(105)
Total current tax charge (see above)	-	-

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective on 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016.

Notes *(continued)*

8 Tangible assets

Cost	**Assets under construction** £000	**Total** £000
At beginning of year	**66,885**	**66,885**
Additions	127,430	127,430
Impairment	(187,299)	(187,299)
At end of year	**7,016**	**7,016**
Net book value		
At 30 September 2015	**7,016**	**7,016**
At 30 September 2014	66,885	66,885

On 29 March 2016, the Board of Directors of the Company's ultimate parent, Air Products and Chemicals, Inc, confirmed the Air Products Group's exit from its Energy-from-Waste (EfW) business. As a result, efforts to start up and operate the Company's EfW project located in Tees Valley, United Kingdom, have been discontinued. The decision to exit the business and stop development of the EfW projects was based on continued difficulties encountered with the Company's project; and conclusion, based on testing and analysis completed during 2016, that significant additional time and resources would be required to make the projects operational.

As a result, the Company's EfW plant assets, previously recorded as construction in progress, have been written down to their estimated net realizable value of £7,016,000 at 30 September 2015 recording an impairment charge of £187,299,000 in the year ended 30 September 2015. The net realizable value of the assets has been estimated assuming an orderly liquidation of assets capable of being marketed on a secondary equipment market. An asset's orderly liquidation value is the amount that could be realized from a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), selling the asset in the existing condition where it is located and assuming the highest and best use of the asset by market participants.

9 Debtors

	2015 **£000**	2014 £000
Amounts owed by group undertakings	**3,646**	741
Net deferred tax assets (see note 11).	-	187
Other debtors	**1,570**	383
	5,216	1,311

Notes *(continued)*

10 Creditors: amounts falling due within one year

	2015	2014
	£000	£000
Trade Creditors	**4,966**	2,294
Amounts owed to group undertakings	**195,211**	64,311
Accruals and deferred income	**2,476**	2,262
Provision	**37,347**	-
	240,000	68,867

Provision

	2015
	£000
At beginning of year	-
Movements	
Charges	37,347
Utilisation	-
At end of year	**37,347**

Following the decision by the Air Products group to exit the EfW business, a provision was created for subsequent capital expenditure incurred in 2016 (£23,325,000); open capital commitments (£11,917,000); and expected plant demolition costs (£2,105,000).

11 Deferred taxation

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

	2015	2014
	£000	£000
At beginning of year	**187**	82
Credit from operating loss for the year	**(187)**	105
At end of year	-	187

The elements of deferred taxation are as follows:

	2015	2014
	£000	£000
Tax losses for current year	-	187
Deferred tax asset / (liability)	-	187

12 Called up share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
Equity: 2 ordinary shares of £1 each	**2**	2

Notes (continued)

13 Reserves

	Profit and loss account £000
At beginning of year	**(671)**
Loss for the financial year	**(227,097)**
At end of year	**(227,768)**

14 Commitments

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

	2015 £000	2014 £000
Contracted	-	153,325

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

	2015 Land and buildings £000	2014 Land and buildings £000
Operating leases which expire:		
Over five years	-	29,239

15 Post Balance sheet events

As noted in note 8, on 29 March 2016, the Board of Directors of the Company's ultimate parent, Air Products and Chemicals, Inc, confirmed the Air Products Group's exit from its Energy-from-Waste (EfW) business.

As a result, the Company's EfW plant assets, previously recorded as construction in progress, have been written down to their estimated net realizable value of £7,016,000 at 30 September 2015 recording an impairment charge of £187,299,000 in the year ended 30 September 2015.

In addition, anticipated charges of £37,347,000 have been provided for in relation to subsequent capital expenditure on the Company's facility and plant dismantling costs expected to be incurred in year ending 30 September 2016.

16 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a wholly owned subsidiary of Air Products Plc, a company incorporated in Great Britain.

The smallest group in which they are consolidated is that headed by Air Products Group Limited. The consolidated financial statements of these groups are available to the public at the company's registered office.

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

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