

REGISTERED NO 2230411

AIR LIQUIDE (HOMECARE) LIMITED

FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED

31 DECEMBER 2010

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AIR LIQUIDE (HOMECARE) LIMITED

Financial statements for the 12 months ended 31 December 2010

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AIR LIQUIDE (HOMECARE) LIMITED

Directors and advisors

Directors

O Petit
JL Chassaigne
JM de Royere
S Villepontoux
A Jouet
S Martin

Secretary and registered office

Matthew John Hasnip FCCA

Station Road
Coleshill
Birmingham
West Midlands
B46 1JY

Registered auditors

Mazars LLP
45 Church Street
Birmingham
B3 2RT

Bankers

National Westminster Bank plc
Reigate Branch
21 High Street
Reigate
Surrey
RH2 9AD

Solicitors

Macfarlanes
10 Norwich Street
London
EC4A 1BD

Directors' report for the 12 months ended 31 December 2010

The directors present their report and the audited financial statements for the 12 months ended 31 December 2010

Principal activities

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

Review of business

During the year we continued the integration of our Homecare businesses to complete a single unified management structure, move to a common operating platform and standardise working practices throughout the organisation

During 2010 the Department of Health commenced the process of re-tendering the Home Oxygen Service contracts for the current English Strategic Health Authority (SHA) regions and for Wales on behalf of the Welsh Assembly. There will be 10 English and a single Welsh contract for the ongoing provision of a Home Oxygen Service to patients in their homes. The process started in 2010 with an initial request for information (RFI) leading to an expression of interest (EOI) and pre qualifying questionnaire (PPQ). We participated fully at each stage of the tendering process to date and have been successfully appointed to a National Framework Agreement along with four other suppliers all of whom are now qualified to participate in individual regional call off events which will take place in four stages throughout 2011 and will result in contract awards for 5 years each with a transition period of between 6 and 9 months with the first service commencement dates starting in October 2011 and the remainder staggered throughout 2012. Revenue for 2010 increased by 49.5% due to the full year impact of the integrated Homecare businesses.

Gross margin has reduced from 53% to 50% and the operating margin has also reduced from 31% to 30% which now reflects the fully integrated UK Homecare accounts and the first full year effect of the South West contract.

Environmental and Safety Considerations

Commitment to safety is the company's first consideration. The company has adopted the Air Liquide group's Industrial Management System which aims to reduce both the incidence and impact of accidents.

Air Liquide (Homecare) Ltd, as with 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.

Principal Risks and Uncertainties Facing the Company

As the company's activities are focused on the provision of homecare services, we are less exposed to cyclical movements and the risk of recession than many companies. However, such is the current provision of homecare activities within the UK that the customer base is highly concentrated and the loss or gain of a contract may have a material impact on sales volumes and therefore on the net result. The Company therefore needs to maintain high service levels to retain existing business and develop new opportunities for growth.

Three out of 10 regional contracts to be awarded during 2011 are currently supplied by Air Liquide (Homecare) Ltd. A fourth region currently supplied by Air Liquide is not due to be decided until 2013. Proposed changes to the way in which the NHS will be structured and managed in the future introduce potential opportunities and risks. We believe that there will be more opportunities in the future for private companies to play a wider role in the delivery of healthcare services to the community in their homes however challenges facing the taxpayer in being able to continue to meet the rising underlying cost of national healthcare provision are expected to result in more intensive competition and a significant reduction in unit costs when compared with the provision of the same service today.

Future Developments

We are currently participating in the re-procurement process for Home Oxygen Services which will continue throughout 2011. We are actively looking for opportunities to expand our healthcare service offering to continue our growth into other chronic disease therapies which complement our existing competencies and help us continue to drive the efficiency of our existing business platform and further increase our future competitiveness.

Results and Dividends

The profit and loss account for the year is set out on page 6.

A dividend of £6,193,000 was paid in the year (2009 £12,818,000).

The directors recommend paying a final dividend of £7,934,000 (2009 £6,193,000).

Directors' report for the 12 months ended 31 December 2010**Employee involvement**

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

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

Disabled employees

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 seek to ensure that the handicaps suffered by disabled employees do not adversely affect their promotional prospects

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

Directors

The following directors served throughout the year under review and to date

JB Dellon	(resigned 01 June 2010)
O Petit	
JL Chassaigne	
JM de Royere	
S Villepontoux	(appointed 30 June 2010)
A Jouet	(appointed 30 June 2010)
S Martin	(appointed 30 June 2010)

None of the directors serving throughout the period had any beneficial interests in the ordinary shares of the company at 31 December 2010

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, although third party indemnity provision for the benefit of the directors was in force during the year

Financial Instruments

The objectives and policies of Air Liquide (Homecare) Limited are designed to limit the exposure of the company to financial risk as much as possible. Credit risk, liquidity risk and cash flow risks are considered by the directors to be limited due to the customer base largely consisting of government agencies, and the fact that the company places any excess funds with banks directly or passes funds through to the Air Liquide Group, which itself has an excellent credit rating

Directors' report for the 12 months ended 31 December 2010

Statement as to disclosure of information to auditors

Each of the persons who is a director at the date of the approval of the report confirm that

- * So far as the directors are aware, there is no relevant audit information of which the company's auditors are not aware, and
- * The directors have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of the information, and that they have made such enquiries of their fellow directors and of the company's auditors for that purpose, and taken such other steps (if any) for that purpose, as were required by their duty as a director of the company to exercise due care, skill and diligence

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

Auditors

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

Statement of Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to

- * select suitable accounting policies and apply them consistently,
- * make judgements and estimates that are reasonable and prudent,
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- * prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors and signed on behalf of the board on **25 JULY 2011**



Steve Martin
Managing Director

AIR LIQUIDE (HOMECARE) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIR LIQUIDE (HOMECARE) LIMITED

We have audited the financial statements of Air Liquide (Homecare) Limited for the year ended 31st December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the Reconciliation of Movements in Shareholders' Funds 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

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 2010 and of its profit for the year then ended,
- * have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- * have been prepared in accordance with the requirements of the Companies Act 2006.

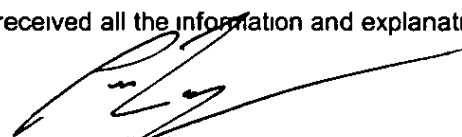
Opinion on the other matter prescribed by the Companies Act 2006

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.

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
45 Church Street
Birmingham, B3 2RT

25 July 2011.

AIR LIQUIDE (HOMECARE) LIMITED

PROFIT AND LOSS ACCOUNT 12 months ended 31 December 2010

	Notes	12 Months to Dec 31, 2010 £'000	12 Months to Dec 31, 2009 £'000
Turnover	2	41,689	27,893
Cost of sales		(20,810)	(13,091)
Gross profit		20,879	14,802
Administrative expenses		(8,484)	(6,031)
Operating profit		12,395	8,771
Net interest (payable)	7	(135)	(39)
Profit on ordinary activities before taxation	5	12,260	8,732
Tax charge on profit on ordinary activities	6	(4,326)	(2,539)
Profit for the year	17	7,934	6,193

There are no recognised gains or losses for the current or preceding financial year other than those stated in the profit and loss account and consequently no statement of total recognised gains and losses has been prepared

All activities relate to continuing operations

AIR LIQUIDE (HOMECARE) LIMITED

REGISTERED NO 2230411

**BALANCE SHEET
31 DECEMBER 2010**

	Notes	Dec 31, 2010	Dec 31, 2009
		£'000	£'000
Fixed assets			
Intangible assets	8	7,201	8,517
Tangible assets	9	17,916	18,728
		<u>25,117</u>	<u>27,245</u>
Current assets			
Stocks	11	509	562
Debtors	12	4,729	17,856
Cash		969	53
		<u>6,207</u>	<u>18,471</u>
Current Liabilities			
Creditors amounts falling due within one year	13	(13,594)	(21,102)
Net current liabilities		<u>(7,387)</u>	<u>(2,631)</u>
Total assets less current liabilities		17,730	24,614
Creditors , amounts falling due after more than one year	14	(8,000)	(16,022)
Provisions for liabilities	15	(620)	(1,223)
Net assets		<u>9,110</u>	<u>7,369</u>
Capital and reserves			
Called up share capital	16	576	576
Share premium account	17	25	25
Merger reserve	17	575	575
Profit and loss account	17	7,934	6,193
Equity shareholders' Funds	18	<u>9,110</u>	<u>7,369</u>

 These financial statements were approved by the Board of Directors on *25 July* 2011

Signed on behalf of the Board of Directors by



 Steve Martin
Managing Director

25 July

2011

AIR LIQUIDE (HOMECARE) LIMITED

NOTES TO THE ACCOUNTS

12 months ended 31 December 2010

1. Principal accounting policies

Accounting Convention

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

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and on a going concern basis

Fixed assets

Tangible fixed assets are stated at cost and net of depreciation

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are

Buildings and Fittings	Remainder of Lease
Installations	5 - 10 years
Cylinders and Equipment	5 - 10 years
Transportation Equipment	5 years
Other Tangible Assets	4 - 5 years

Intangible assets

Intangible assets relate to contracts acquired as part of the business and assets of the homecare division of Air Liquide Limited. They are being amortised over the life of the contracts.

Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis.

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 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, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exception:

- * Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign Currencies

Trading transactions in foreign currencies are recorded at the rate of exchange on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange gains and losses are included in the profit and loss account.

AIR LIQUIDE (HOMECARE) LIMITED

NOTES TO THE ACCOUNTS

12 months ended 31 December 2010

1. Principal accounting policies (continued)

Investment

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value

Turnover

Turnover, which excludes VAT and trade discounts, represents amounts receivable for services provided in the period for which the company has a right to consideration. Turnover is derived entirely in the UK from the provision of healthcare services

Cash flow

Under Financial Reporting Standard 1 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

Pension costs

Contributions payable to the company's scheme are charged to the profit and loss account in the period to which they relate

2. Turnover

Turnover consists of sales made in the United Kingdom and is solely derived from the company's principal activity

3. Directors' emoluments

Emoluments of the Directors are disclosed below

	6 Months to Dec 31, 2010 £'000	12 Months to Dec 31, 2009 £'000
Salary including benefits in kind	42	-
Pension contributions	4	-
	<u>46</u>	<u>-</u>

The only director to receive emoluments from Air Liquide (Homecare) Ltd was appointed on 30 June 2010 and as such only 6 months of emoluments are shown in note 3. All other directors were remunerated by other companies within the Air Liquide group worldwide

Expenses

In addition to the above emoluments, The Directors were reimbursed for expenses necessarily incurred in the conduct of their duties amounting to £2,697 62

4. Employee information

The average monthly number of persons (including executive directors) employed by the company during the period was

	12 Months to Dec 31, 2010 Number	12 Months to Dec 31, 2009 Number
By activity		
Distribution	177	132
Administration and selling	113	81
	<u>290</u>	<u>213</u>
	12 Months to Dec 31, 2010 £'000	12 Months to Dec 31, 2009 £'000
Staff costs (for the above persons)		
Wages and salaries	7,431	4,906
Social security costs	756	470
Other pension costs	149	54
	<u>8,336</u>	<u>5,430</u>

AIR LIQUIDE (HOMECARE) LIMITED

NOTES TO THE ACCOUNTS

12 months ended 31 December 2010

5. Profit on ordinary activities before tax

Profit on ordinary activities before tax is stated after charging

	12 Months to Dec 31, 2010 £'000	12 Months to Dec 31, 2009 £'000
Depreciation and amortisation	7,813	3,910
Operating lease charges - land & buildings	461	282
- other	291	218
Auditors remuneration	38	25

6. Tax on profit on ordinary activities

a) The taxation charge is made up as follows

	12 Months to Dec 31, 2010 £'000	12 Months to Dec 31, 2009 £'000
Current UK Corporation tax		
Current period	4,368	1,518
Under provision in previous years	561	9
	<u>4,929</u>	<u>1,527</u>
Deferred taxation		
Origination & reversal of timing differences	(592)	1,023
Under/(Over) provided in previous years	34	(11)
Effect of tax rate change on opening balance	(45)	-
Total tax charge for the year	<u><u>4,326</u></u>	<u><u>2,539</u></u>

b) Factors affecting the tax charge for the current year

Profit on ordinary activities before tax	<u>12,260</u>	<u>8,732</u>
Current tax at 28% (2009 28%)	3,433	2,445
Expenses not deductible for tax purposes	371	154
Depreciation in excess of/(less than) capital allowances	561	(1,012)
Short term timing differences	53	(11)
Group relief claimed	(50)	(58)
Under provision in previous years	561	9
Total Current Tax	<u><u>4,929</u></u>	<u><u>1,527</u></u>

AIR LIQUIDE (HOMECARE) LIMITED

NOTES TO THE ACCOUNTS

12 months ended 31 December 2010

7. Interest and similar items

	12 Months to Dec 31, 2010 £'000	12 Months to Dec 31, 2009 £'000
Interest payable to group undertakings	(112)	(121)
Other interest charges	(23)	21
Total interest and similar charges payable	(135)	(100)
Interest received from group undertakings	-	61
Bank interest	-	-
Total interest receivable	-	61
Net interest (payable) and similar items	(135)	(39)

8. Intangible fixed assets

	£'000
Cost	
At 1 January 2010	9,066
At 31 December 2010	9,066
Accumulated amortisation	
At 1 January 2010	549
Charge for the year	1,316
At 31 December 2010	1,865
Net book value	
At 31 December 2010	7,201
At 31 December 2009	8,517

9. Tangible fixed assets

	Land & Buildings £'000	Equipment £'000	Other £'000	Total £'000
Cost				
At 1 January 2010	239	32,065	1,991	34,295
Additions	24	4,519	410	4,953
Disposals	(58)	(7,928)	(1,136)	(9,122)
At 31 December 2010	205	28,656	1,265	30,126
Depreciation				
At 1 January 2010	139	14,078	1,351	15,568
Disposals	(58)	(7,228)	(1,132)	(8,418)
Charge for the period	52	4,626	382	5,060
At 31 December 2010	133	11,476	601	12,210
Net book value				
At 31 December 2010	72	17,180	664	17,916
At 31 December 2009	100	17,987	640	18,728

AIR LIQUIDE (HOMECARE) LIMITED

NOTES TO THE ACCOUNTS 12 months ended 31 December 2010

10. Investment

	Subsidiary undertakings £'000
Cost:	
At 1 January 2010 and 31 December 2010	<u>781</u>
Amounts written off investments:	
At 1 January 2010 and 31 December 2010	<u>781</u>
Net Book Value	
At 1 January 2010 and 31 December 2010	<u>-</u>

The company owns 100% of the share capital of Medigas Limited, a company incorporated in Great Britain

11. Stocks

	Dec 31, 2010 £'000	Dec 31, 2009 £'000
Goods for resale	<u>509</u>	<u>562</u>

There is no material difference between the carrying value of stocks and its replacement cost

12. Debtors

	Dec 31, 2010 £'000	Dec 31, 2009 £'000
Trade debtors	4,436	4,151
Amount due from group company	-	13,385
Prepayments and accrued income	293	320
	<u>4,729</u>	<u>17,856</u>

13. Creditors: amounts falling due within one year

	Dec 31, 2010 £'000	Dec 31, 2009 £'000
Trade creditors	1,586	2,020
Amounts owed to other group companies	4,059	12,901
Corporation tax	2,953	1,695
Other taxation and social security	1,463	1,227
Other creditors	803	776
Accrual and deferred income	2,730	2,483
	<u>13,594</u>	<u>21,102</u>

14. Creditors: amounts falling due after more than one year

	Dec 31, 2010 £'000	Dec 31, 2009 £'000
Amounts owed to other group companies	8,000	16,022
	<u>8,000</u>	<u>16,022</u>

Amounts owed to other group companies consists of a loan of £12,021,000 (2009 £16,022,000) Interest is paid quarterly at a rate of LIBOR 3 months plus 0.12% Interest of £21,000 was accrued for the year (2009 £22,000) The loan is repaid in annual installments of £4,000,000 (2011-2013) A total of £4,000,000 is disclosed in creditors falling due within one year (2009 £nil)

AIR LIQUIDE (HOMECARE) LIMITED

NOTES TO THE ACCOUNTS

12 months ended 31 December 2010

15. Provisions for liabilities

Deferred taxation	£'000
At 1 January 2010	1,223
Origination & reversal of timing differences in the year	(603)
At 31 December 2010	<u>620</u>

16. Called up share capital

	Dec 31, 2010 £'000	Dec 31, 2009 £'000
Authorised		
1,889,500 ordinary shares of 45p each	850	850
166,500 'A' convertible cumulative redeemable preference shares of 45p	75	75
444,000 'B' convertible cumulative redeemable preference shares of 45p	200	200
	<u>1,125</u>	<u>1,125</u>
 Allotted, issued and fully paid	 Dec 31, 2010 £'000	 Dec 31, 2009 £'000
1,280,693 ordinary shares of 45p each	<u>576</u>	<u>576</u>

17. Reserves

	Share premium account £	Merger reserve £	Profit and loss account £
Balance at 1 January 2010	25	575	6,193
Retained profit for the year	-	-	7,934
Dividend	-	-	(6,193)
Balance at 31 December 2010	<u>25</u>	<u>575</u>	<u>7,934</u>

18. Reconciliation of movements in equity shareholders' funds

	Dec 31, 2010 £	Dec 31, 2009 £
Profit for the financial year	7,934	6,193
Dividend	(6,193)	(12,818)
Opening equity shareholders' funds	7,369	13,994
Closing equity shareholders' funds	<u>9,110</u>	<u>7,369</u>

19. Group guarantees

There are no guarantees in existence at 31 December 2010

AIR LIQUIDE (HOMECARE) LIMITED

NOTES TO THE ACCOUNTS

12 months ended 31 December 2010

20. Operating lease commitments

Annual financial commitments under non-cancellable operating leases in the following categories expiring

	Dec 31, 2010		Dec 31, 2009	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Within one year	48	135	29	-
Within two to five years	214	156	379	241
After five years	200	-	101	-

21. Related party transactions and balances

The company has taken advantage of the exemption in FRS8 extended to subsidiary undertakings 90% or more of whose voting rights are controlled within a group, where the consolidated financial statements of the group are publicly available. Accordingly no disclosure has been made of transactions with entities that are part of the group, or investees of the group qualifying as related parties.

22. Parent undertakings and controlling party

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

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

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