Company registration no. 2230411

Air Liquide Healthcare Limited

Annual Report and Financial Statements
For the year ended 31 December 2022

Contents

For the year ended 31 December 2022

Company Information

Directors

L Hampton

P Oge (resigned 1 September 2022)

LF Richard

S Valle

R Benbelkacem

A Kula-Borsuk (appointed 17 November 2022)

Secretary and registered office

A Furniss

Station Road

Coleshill

Birmingham

B46 1JY

Independent auditors

PricewaterhouseCoopers LLP

One Chamberlain Square

Birmingham

B3 3AX

Bankers

Citibank

Citigroup Centre

Canada Square

Canary Wharf

London

E14 5LB

Solicitors

Macfarlanes

20 Cursitor Street

London

EC4A 1CT

Strategic Report

For the year ended 31 December 2022

Principal activities

The principal activity of the company is the provision of healthcare services in the United Kingdom delivered directly to the community and in their homes and specialist secondary care settings.

Business review

The directors present their review of the development and performance of the business of Air Liquide Healthcare Limited ("the company") for the year ended 31 December 2022.

The company's current activity can be split into four core areas which are delivered to the NHS in England:

- The provision of home oxygen services
- The provision of home oxygen assessment services
- The provision of diabetes services
- The provision of ventilation and sleep services

The focus of the business within these sectors is to deliver a safe, quality service to our service users and NHS customers whilst controlling costs and driving efficiencies.

Below is a summary of the principal Profit and Loss fluctuations between 2022 and 2021.

Gross Profit	**2022**	2021	**Change %**
	£'000	£'000	**2022-2021**
Revenue	**48,281**	35,788	35%
Cost of sales	**(36,151)**	(25,766)	40%
Gross profit	**12,130**	10,022	21%
Gross profit margin %	*25%*	*28%*	

Overall revenue increased by 35% as a result of the increase in diabetes business growth within the industry. The company strives to maintain its profit margins through the adoption of efficiency and continuous improvement programs as highlighted above with neutral year on year cost of sales.

The business remains focused on reviewing company performance on a continual basis, ensuring appropriate corrective actions are taken where required, whilst also ensuring a long-term strategy focused on business growth and diversification. This is the responsibility of the UK Steering Committee which is made up of senior personnel representing all functions from across the business.

Principal Risks and Uncertainties

The principal risks of the business and the steps taken to mitigate these are as follows:

Historically the biggest risk has been the dependency upon Home Oxygen contracts which are large in size and tender on a cyclical basis and as such a strategy of diversification has been a focus for the business. In 2019 the implementation of this strategy began with the launch into the Diabetes market as distributor of the Tandem T:Slim pump and the continued success in this area has provided a further step change in terms of the product and service mix and has become the blueprint for further diversification as the business moves from being a home oxygen company to a home healthcare provider. Recent strategic directional changes include the incorporation of a Ventilation and Sleep business line to further enhance the product portfolio offered.

Strategic Report (continued)

For the year ended 31 December 2022

Principal Risks and Uncertainties (continued)

The home oxygen related activities are subject to contractual KPIs set by the NHS which are subject to financial penalties. Management focus is to ensure the seamless delivery of a safe and quality service across all regions.

Employee engagement

Employee engagement remains a key priority for the business. Initiatives include:

- An Employee Forum which brings together representatives from all parts of the business, and regions. This provides the opportunity for the business to listen, share and to work with employees.
- 2021 saw the launch of the new annual Employee Survey: 2021 saw the launch of the new employee survey in which all permanent employees had the opportunity to answer a series of questions which produces results across 26 categories of engagement. The survey returned positive results in the areas of Inclusion, Manager Trust and Customer Focus. Where areas of improvement were identified the Senior Leadership Team developed an action plan that was presented and delivered to improve results in the these areas. In conjunction with the UK Steering Committee's action plan, managers conducted My Voice 'Close the Loop' sessions reviewing their team's feedback, with the aim of supporting teams to build upon positive aspects of the work environment while developing specific actions to address areas of improvement. This survey is completed annually.
- A new culture programme called BeActEngage was launched with all mid-senior managers engaging in workshops. The programme highlights the values of the business and sets out the criteria that we assess performance during the annual PDR review. 2022 will see the extension of the roll out to all employees with the inclusion of BeActEngage champions at all UK sites
- As always, 'Ethics' remained a key focus across the business in 2021, reminding employees of the importance of values, wellbeing, ownership and transparency, with employees undertaking the compulsory Code of Conduct training that is completed on an annual basis. Refresher training on Competition Law and Anti-Bribery modules was also undertaken. 100% completion rates for all training was achieved in 2021. This is completed on an annual basis.
- The business continued to utilise the apprenticeship levy in 2021 to invest in its people with investment in NVQs and Open University Courses. In conjunction a new graduate scheme was launched aimed at developing internal talents across a range of business activities.
- 2022 saw the launch of a new employee forum for " Woman at Work" to share and explore women's unique experiences in the workplace including providing peer support to each other for topics such as women's health and wellbeing.

Diversity in the workplace

The organisation has achieved its target of having women in 30% of management and professional roles by 2021, this includes the Strategic Leadership Team. The organisation was also awarded the Disability Confident Employee Status Level 2 which reinforces the commitment to be an inclusive and accessible organisation.

Strategic Report (continued)

For the year ended 31 December 2022

Environmental and safety considerations

The safety of employees, service users and all stakeholders and partners is a priority of Air Liquide. Management continues to work across the organisation to ensure a culture of safety is embedded in the organisation. This is achieved through monthly 10-minute safety topics which are delivered to all employees and the promotion of the reporting of potentially serious incidents. In addition, a safety committee meets on a monthly basis to ensure review, continuous learning and the development of best in class performance and there is a safety focus within the Employee Forum. The company mirrors the Air Liquide Groups commitment to sustainable development and is proactive in its efforts to reduce the impact of its activities on the environment specifically in relation to waste and carbon footprint. A summary of safety and environmental indicators covering the Air Liquide Group can be found in the group's annual report.

Financial Key Performance Indicators

Operating Profit	**2022** **£'000**	2021 £'000	**Change %** **2022-2021**
Gross profit	**12,130**	10,022	21%
Administrative expenses (excluding derivatives)	**(5,331)**	(9,477)	-44%
(Loss)/profit arising on derivative financial instruments	**(361)**	483	-175%
Operating profit	**6,438**	1,028	
Operating profit margin %	*13%*	*3%*	

Statement of financial position

Below is a simplified balance sheet showing the principal movements between 2021 and 2022.

	2022 **£'000**	2021 £'000	**Change %** **2022-2021**
Non-current assets	**15,827**	18,975	-17%
Current assets	**24,025**	16,274	48%
Creditors: amounts falling due within one year	**(11,985)**	(11,388)	5%
Creditors: amounts falling due after more than one year	**(363)**	(1,469)	-75%
Provisions for liabilities	**(1,756)**	(1,077)	63%
Equity	**25,748**	21,315	21%

The company in 2021 disposed of an intangible asset relating to computer software, impacting administrative expenses, however the company strategy of controlling cost and driving efficiency continues. This has been achieved by regular monitoring and tight control of the overall procurement process and continuous improvement throughout the entire business across all its business lines. The company operates a strict hedging process in order to restrict and control any potential adverse impacts on foreign currency contracts.

Strategic Report (continued)

For the year ended 31 December 2022

Non-Financial Key Performance Indicators

The company operates an Integrated Safety, Environmental and Quality Management system (IMS) that meets the requirements of:

- ISO 9001:2008 (Quality Management System);
- ISO 27001:2013 (Information Security);
- ISO 14001:2015 (Environment Management);
- OHSAS 18001:2017 (Occupational Health and Safety).

All requirements are externally certified and audited by certified providers.

In addition, the company is registered with the Care Quality Commission (CQC) to provide community healthcare services and phone/online advice.

The company has also started a project called "Value Based Healthcare", this is a patient centred approach that looks to deliver the outcomes that are important and matter to the patient at the best cost to the healthcare system. To do this Air Liquide is investing time in each of its current therapy areas to understand those needs in detail and the service providers to offer appropriate solutions. Working with our suppliers this is a longer term approach to align our resources and develop services that will offer value to all the stakeholders.

Promoting the success of the company and section 172(1) statement of the Companies Act 2006 (section 172)

The directors' overarching duty is to promote the success of the company for the benefit of its shareholders, with consideration of stakeholders' interests, as set out in section 172. The board regards a well governed business as essential for the successful delivery of its principal activity.

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

a. The likely consequences of any decision in the long term;
The strategic direction and business decisions are constantly evaluated and considered by the UK Management Steering Committee. This Committee includes senior managers from the various areas of the business in order to gain a balanced and more complete understanding of the business as a whole. The Steering Committee meets on a regular basis to discuss immediate issues affecting the company but to also consider and plan the long-term direction and goals of the company.

b. The interests of the company's employees;
The company is committed to ensuring we act responsibly towards our employees. Health and safety of all employees is a key factor within the overall business strategy to ensure that the company provides a high level of service in a safe and secure manner. The company has many schemes to ensure that both the employees physical and mental wellbeing are considered and supported at all times.

c. The need to foster the company's business relationships with suppliers, customers and others;
As a healthcare provider the relationship with customers is paramount. The company maintains a strong relationship with the NHS to ensure that the service is provided in line with their overall strategy for healthcare in the UK and for the benefit of patients as a whole. The company also maintains strong and long-term relations with its suppliers to ensure the quality of products required for the business is maintained whilst also ensuring product innovations are utilised to the benefit of all stakeholders.

Strategic Report (continued)

For the year ended 31 December 2022

Promoting the success of the company and section 172(1) statement of the Companies Act 2006 **(section 172) (continued)**

d. The impact of the company's operations on the community and the environment;
The majority of the company's operations are conducted in and amongst the general public. The public perception and reputation of the company relies heavily on the professional conduct of all employees. The conduct of the employees is continually monitored to ensure that the employees act in a way that is truly representative of the company's reputation in the Healthcare sector. Employees are required to be courteous and safety conscious at all times and to be aware and considerate to the needs of the patients.

e. The desirability of the company maintaining a reputation for high standards of business conduct;
The ability to provide an effective healthcare service relies on the constant evaluation of the services provided and also to react to any feedback received. As part of the agreements with the NHS there are many Key Performance Indicators (KPI's) that are critically monitored and reported on a monthly basis. These KPI's not only provide a reliable benchmark to measure the overall performance and conduct of the company but to also identify areas for improvement. The company prides itself on its continual and very strong performance against these KPI's. In addition, through a programme of continuous improvement, the company uses both compliments and complaints to learn and develop services.

f. The need to act fairly as between members of the company;
The global policy for all Air Liquide entities is to ensure that business is conducted ethically, fairly and in consideration of all local or global policies and legislation. In order to demonstrate and report compliance it is also vital that the company is transparent in how business is conducted at a local and global level. All employees are required to complete annual training in this area to reinforce the key behaviours required.

The company is a UK subsidiary of Air Liquide SA, a world leader in gases, technology and services for industry and health being quoted on the Euronext Paris Stock Exchange and a member of the CAC40 index. Further details can be found in Air Liquide SA's 2020 Universal Registration Document.

On behalf of the board:

S Valle

Director

Date: 21 December 2023

Directors' Report

For the year ended 31 December 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

Principal activities

Detailed within the Strategic Report.

Future developments

Detailed within the Strategic Report.

Results and dividends

The Statement of Comprehensive income for the year is set out on page 16.

The directors recommend a final dividend for the year of £5,357k at 72.6p per ordinary share.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were:

L Hampton

P Oge (resigned 1 September 2022)

LF Richard

S Valle

R Benbelkacem

A Kula-Borsuk (appointed 17 November 2022)

None of the directors serving throughout the year had any beneficial interests in the ordinary shares of the company.

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 section 234 of the Companies' Act 2006, either by the company or by any other party, was in force at the time of signing this report.

Cash pooling

The company meets its day-to-day working capital requirements through a combination of formal loans and through access to funds as part of the Air Liquide SA group's cash pooling arrangement that is administered through Air Liquide Finance (ALFIN), a sister company registered in France, which acts as an internal bank within for Air Liquide subsidiaries. As part of the contractual cash pooling terms and conditions, either party has the right to withdraw from the agreement by giving 30 days' notice, for which no reason needs to be given. Under the cash pooling arrangements, there is no cash held by the company - all balances are 'swept' to ALFIN at the end of business on each day.

The company is wholly dependant on the ALFIN cash pooling arrangements for access to the cash flows necessary for the day-to-day running of the company and to support the going concern assertion.

The company has received confirmation that the Group has no intention to withdraw the facility in the foreseeable future and, in the unlikely and unforeseen circumstance it is withdrawn for whatever reason, ALFIN will allow the entity sufficient time to obtain further financing arrangements to meet its obligations.

Directors' Report (continued)

For the year ended 31 December 2022

Impact of COVID-19 and going concern

The company's financial statements have been prepared on a going concern basis. As of the date of the board of directors approving the company's financial statements, the company's management has determined that there were no material uncertainties that cast a doubt on the company's ability to continue as a going concern for the next 12 months.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company is expected to be cash generative, and should be expected to be a net depositor into, rather than borrower from, the ALFIN cash pooling facility.

After making enquiries, the directors have a reasonable expectation that the company has access to adequate financial and other resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Financial instruments

The objectives and policies of the company 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.

Employee involvement

The company's financial results are presented to its senior managers 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.

Employee engagement is discussed further in the strategic report.

Disabled employees

The company's managers are instructed to give unprejudiced 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 whilst in the company's employment) in the workplace and seek to ensure that the handicaps suffered by disabled employees do not adversely affect their promotion prospects. The organisation holds the Disability Confident Committed Employer Status Level 2 which reinforces the commitment to being an inclusive and accessible organisation.

Directors' Report (continued)

For the year ended 31 December 2022

Other stakeholders

The company engages with stakeholder groups (customers, suppliers and partners, shareholders and investors, employees and society) in a variety of formal and informal settings. These range from meetings with local, regional, national and international groups to ongoing dialogues with our customers and consumers.

The Board believes in the importance of conducting business responsibly. That means behaving ethically, respecting people and respective the environment.

The company aims to maintain high standard of business conduct and stakeholder engagement and to ensure a positive impact on the community and environment in which it operates.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' Report (continued)

For the year ended 31 December 2022

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Directors' Report (continued)

For the year ended 31 December 2022

Streamlined Energy and Carbon Reporting ("SECR")

The SECR disclosure presents the company's carbon footprint within the United Kingdom across scope 1, 2 and [to some extent] scope 3 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial year.

Streamlined Energy and Carbon Reporting	2022 Consumption kWh	2022 Emissions tCO2e	2021 Consumption kWh	2021 Emissions tCO2e
Scope 1 direct emissions from combustion of gas – fuel	8,640	2	9,528	2
Scope 1 direct emissions from combustion of fuel for transport purposes	1,700,738	437	1,528,446	393
Scope 2 indirect emissions from purchased electricity	357,144	66	369,102	68
Total energy consumption used to calculate emissions / total gross emissions	**2,066,522**	**505**	**1,907,076**	**463**
Intensity ratio: tco2e / FTE		**2.1**		**2.3**

Methodology

The SECR disclosure has been prepared in line with the financial year ended 31 December 2022 and reporting on all sources of environmental impact in the UK over which the company has financial and/or operational control. The reporting method used is in line with the HM Government Environmental Reporting Guidelines issued in March 2019 and the company has also used the Greenhouse Gas Reporting Protocol – Corporate Standard. The emissions factor source is the 2020 UK Government's Conversion Factors for Company Reporting.

Energy efficiency action plan

The principal measures taken for the purpose of increasing the company's energy efficiency in the year ended 31 December 2021 are in line with the overall group directive to reduce carbon emissions as part of a global strategy. The company strives to implement group schemes in the UK wherever possible and to take advantage of any schemes or energy saving programmes offered by suppliers. The overall aim is to develop low carbon solutions for customers, patients and stakeholders.

Directors' Report (continued)

For the year ended 31 December 2022

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Directors' Report (continued)

For the year ended 31 December 2022

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the 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 that information.

On behalf of the board:

S Valle
Director
Date: 21 December 2023

Independent Auditors' Report to the members of Air Liquide Healthcare Limited

Report on the audit of the financial statements

Opinion

In our opinion, Air Liquide Healthcare Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Statement of Financial Position as at 31 December 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditors' Report to the members of Air Liquide Healthcare Limited

Opinion

In our opinion, Air Liquide Healthcare Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Statement of Financial Position as at 31 December 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended, and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditors' Report to the members of Air Liquide Healthcare Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Independent Auditors' Report to the members of Air Liquide Healthcare Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

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

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

Independent Auditors' Report to the members of Air Liquide Healthcare Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of unusual journals to revenue or manipulating accounting estimates which could be subject to management bias. Audit procedures performed by the engagement team included:

- enquiries of management;
- review of legal expense accounts and board minutes;
- obtained an understanding of the control environment in monitoring compliance with laws and regulations;
- auditing the risk of management override of controls, including through testing non-standard journal entries and unpredictable audit procedures; and
- testing of accounting estimates which could be subject to management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditors' Report to the members of Air Liquide Healthcare Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Sarah Phillips

Sarah Phillips (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
21 December 2023

Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	3	**48,281**	35,788
Cost of sales		**(36,151)**	(25,766)
Gross profit		**12,130**	10,022
Administrative expenses		**(5,692)**	(8,994)
Operating profit	4	**6,438**	1,028
Finance costs	7	**(119)**	(23)
Profit before taxation		**6,319**	1,005
Tax on profit	8	**(962)**	(81)
Profit for the financial year		**5,357**	924
Other comprehensive income		**-**	-
Total comprehensive income for the financial year		**5,357**	924

The above results all relate to continuing operations.

The notes on pages 19 to 35 form an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	9	**3,256**	3,303
Right of use assets	10	**656**	1,572
Property, plant and equipment	11	**11,915**	14,100
		15,827	18,975
Current assets			
Inventories	12	**9,197**	3,901
Debtors	13	**14,828**	12,373
		24,025	16,274
Creditors: amounts falling due within one year	14	**(11,985)**	(11,388)
Net current assets		**12,040**	4,886
Total assets less current liabilities		**27,867**	23,861
Creditors: amounts falling due after more than one year			
Lease liabilities		**(363)**	(1,469)
Provisions for liabilities	15	**(1,756)**	(1,077)
Net assets		**25,748**	21,315
EQUITY			
Called up Share capital	16	**7,576**	7,576
Share premium account		**25**	25
Merger reserve		**575**	575
Retained earnings		**17,572**	13,139
Total equity		**25,748**	21,315

The notes on pages 19 to 35 form an integral part of these financial statements.

The financial statements on pages 16 to 35 were approved by the Board of Directors and signed on their behalf by:

S Valle

Director

Date: 21 December 2023

Company number: 2230411

Statement of Changes in Equity

for the year ended 31 December 2022

	Called up share capital £'000	Share premium account £'000	Merger reserve £'000	Retained Earnings £'000	Total equity £'000
At 1 January 2021	**7,576**	**25**	**575**	**16,812**	**24,988**
Profit for the financial year	-	-	-	924	924
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	924	924
Dividends paid	-	-	-	(4,597)	(4,597)
At 31 December 2021	**7,576**	**25**	**575**	**13,139**	**21,315**
Profit for the financial year	-	-	-	5,357	5,357
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	5,357	5,357
Dividends paid	-	-	-	(924)	(924)
At 31 December 2022	**7,576**	**25**	**575**	**17,572**	**25,748**

The notes on pages 19 to 35 form an integral part of these financial statements.

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

1. Corporate information

Air Liquide Healthcare Limited is a private limited company by shares incorporated and domiciled in England, United Kingdom. The registered address of the company is given on page 1. The principal activity of the company is the provision of healthcare services in United Kingdom delivered directly to the community in their homes.

2. Accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below. All accounting policies have been applied consistently, to all periods presented.

2.1. Basis of preparation

Statement of compliance

The financial statements of the company have been prepared in accordance with the Companies Act 2006, as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), except in relation to goodwill. Under IFRS 3 'Business Combinations', goodwill is not amortised, but is reviewed for impairment on an annual basis. This is a departure from the requirements of the Companies Act 2006, which requires goodwill to be amortised over its useful economic life. However, the departure is necessary in order to comply with the requirements of IFRS 3. The company is therefore invoking a 'true and fair' view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act.

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 to apply the exemption from retrospective application of IFRS 3 Business Combinations.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Cash pooling

The company meets its day-to-day working capital requirements through a combination of formal loans and through access to funds as part of the Air Liquide SA group's cash pooling arrangement that is administered through Air Liquide Finance (ALFIN), a sister company registered in France, which acts as an internal bank within for Air Liquide subsidiaries. As part of the contractual cash pooling terms and conditions, either party has the right to withdraw from the agreement by giving 30 days' notice, for which no reason needs to be given. Under the cash pooling arrangements, there is no cash held by the company - all balances are 'swept' to ALFIN at the end of business on each day.

The company is wholly dependant on the ALFIN cash pooling arrangements for access to the cashflows necessary for the day-to-day running of the company and to support the going concern assertion.

The company has received confirmation that the Group has no intention to withdraw the facility in the foreseeable future and, in the unlikely and unforeseen circumstance it is withdrawn for whatever reason, ALFIN will allow the entity sufficient time to obtain further financing arrangements to meet its obligations.

Going concern

The company's financial statements have been prepared on a going concern basis. As of the date of the board of directors approving the company's financial statements, the company's management has determined that there were no material uncertainties that cast a doubt on the company's ability to continue as a going concern for the next 12 months.

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

2. Accounting policies (continued)

2.1. Basis of preparation (continued)

Going concern (continued)

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company is expected to be cash generative, and should be expected to be a net depositor into, rather than borrower from, the ALFIN cash pooling facility.

After making enquiries, the directors have a reasonable expectation that the company has access to adequate financial and other resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2020 that have a material impact on the company.

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 requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from Contracts with Customers.*

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

(v) 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 38(118)(e)).

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

(vii) 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;

(viii) 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

(ix) 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.

(x) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 'Leases'. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

2. Accounting policies (continued)

2.1. Basis of preparation (continued)

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.

Functional and presentational currency

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

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 Pound 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.

Impairment of goodwill and investments

The company's contracts with NHS Trusts (which make up the majority of its business) are due for renewal in 2021 and 2022, and management are confident of successfully being able to renew these contracts and/or replace lost contracts with additional other contracts. Should the company be unsuccessful in renewing these contracts and/or winning new contracts to replace any contracts lost, then future revenues and profitability could be detrimentally impacted. Under such a scenario, the entirety of the carrying value of £3,243k (see note 9) could be potentially be at risk.

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 provision of healthcare services, excluding VAT and trade discounts. Revenue is recognised once the performance obligation is completed, as per IFRS 15's principle based five-step model, to the extent that a customer and performance obligation is identified and a transaction price is allocated accordingly. Revenue for the provision of these services is recognised in the related period.

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

2. Accounting policies (continued)

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.

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. Goodwill

Goodwill represents the future economic benefits arising from other assets acquired that are not individually identifiable and separately recognised. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

2.6. 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 life 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	25% per annum

Goodwill is not amortised.

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

2. Accounting policies (continued)

2.7. 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:

Land and building	Remainder of lease
Equipment	5 – 20 year
Computer Equipment	4 – 5 years
Assets under construction	not depreciated until in 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.

2.8. Leases accounting policy

The company leases various offices, warehouses, equipment and vehicles. Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

2. Accounting policies (continued)

2.8. Leases accounting policy (continued)

To determine the incremental borrowing rate, the company where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third party financing, and makes adjustments specific to the lease (e.g. term, country, currency and security).

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following: the amount of the initial measurement of lease liability; any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs; and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2.9. 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.

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.

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

2. Accounting policies (continued)

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. 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. Share premium represents the amount by which the amount received for a share issue exceeds its nominal value.

The company underwent a capital reorganisation on 6 December 1995, resulting in a reduction in the nominal value of the share capital from £1 to £0.45, and a reduction in the share premium of £741,368. A merger reserve was created to write off the goodwill arising on consolidation of its subsidiary, Medigas Limited.

Retained earnings include all current and prior period retained profits.

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

2. Accounting policies (continued)

2.13. Provisions

Provisions for building dilapidations and van maintenance are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The building provision is required for repairs required to return the buildings to a satisfactory condition at the end of the lease, this is calculated on a basis of a relevant proportion of total annual costs including rent, rates and service charge. The provision for van dilapidations is in relation to costs associated with repairing leased vehicles when they are returned to the lessor at the end of lease which is based on a proportion of the annual leasing costs for each vehicle. The asset provision is required due to the nature of the asset base. A provision is required to offset any costs written off for assets that are lost or become irrecoverable.

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 provision of service is invoiced. In making its judgement, management considered the detailed criteria for the recognition of revenue from the rendering of services set out in IFRS 15 "Revenue" and, in particular, whether the stage of completion can be measured reliably. It is management's judgement that the company does not lease equipment to patients and that revenue is recognised instead.

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.

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

2. Accounting policies (continued)

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

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.

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.

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

3. Revenue

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

4. Operating profit

	2022 £'000	2021 £'000
Operating profit is stated after charging / (crediting):		
Depreciation of property, plant and equipment	3,292	4,196
Depreciation of right-of-use asset	980	1,029
Loss/(Profit) on disposal of property, plant and equipment	1	(5)
Disposal of intangible asset	-	2,753
Amortisation charge on intangible assets	47	48
Cost of inventories recognised as expense	20,502	10,359
Foreign exchange (gains)/loss	(1,679)	453
Fees paid to Auditors:		
- Statutory audit only	52	52

5. Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	72	191
Pension contributions	1	9
	73	200

Only one directors received emoluments from Air Liquide Healthcare Limited. All other directors were remunerated by other companies within the Air Liquide Group, for their services to the Air Liquide Group as a whole. No amounts are rechargeable, or payable to, any other parties for the services of these directors.

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

6. Employees

Number of employees

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

	2022 Number	2021 Number
Distribution	118	121
Administration and selling	113	108
	231	229

Employment costs (for these persons)

	2022 £'000	2021 £'000
Wages and salaries	7,889	7,174
Social security costs	1,001	865
Other pension costs	461	424
	9,351	8,463

7. Finance costs

	2022 £'000	2021 £'000
Interest payable on lease liabilities	27	42
Other interest charges/(received)	92	(19)
	119	23

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

8. Tax on profit

	2022 £'000	2021 £'000
Current tax:		
Tax for current year	1,119	16
Adjustments in respect of prior periods	(496)	(87)
Total current tax (income)/expense	623	(71)
Deferred tax:		
Deferred tax for current year	339	141
Adjustments in respect of prior periods	-	11
Total deferred tax charge/(credit)	339	152
Total tax expense	962	81

The tax rate used for the reconciliation is the corporate tax rate of 19% (2021: 19%) payable by the company in the UK on taxable profits under UK tax law.

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

	2022 £'000	2021 £'000
Profit before taxation	6,319	1,005
Income tax calculated at 19% (2021: 19%)	1,201	191
Effect of expenses that are not deductible	1	2
Adjustments in respect of prior periods	(181)	(76)
Remeasurement of deferred tax for changes in tax rates	-	48
Depreciation in excess of capital allowances	(59)	(84)
Total tax expense	962	81

Factors affecting the tax rate in future years

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by £15,000 and to increase the deferred tax liability by £15,000.

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

9. Intangible assets

	Goodwill	Computer software	Total
	£'000	£'000	£'000
Cost			
At 1 January 2022	3,243	255	3,498
Additions and transfers	-	-	-
Disposal	-	-	-
As at 31 December 2022	3,243	255	3,498
Accumulated amortisation charge			
At 1 January 2022	-	195	195
Charge for the year	-	47	47
Disposal	-	-	-
As at 31 December 2022	-	242	242
Net book amount			
As at 31 December 2022	3,243	13	3,256
As at 31 December 2021	3,243	60	3,303

The computer software intangible assets represent a development created by an external firm for the company's specific requirements. Amortisation is presented within administration expenses in the Statement of Comprehensive Income.

10. Right of use assets

	Land, buildings and fittings	Transportation equipment	Total
	£'000	£'000	£'000
Cost			
As at 1 January 2022	1,813	3,121	4,934
Additions	64	-	64
Disposal	-	-	-
As at 31 December 2022	1,877	3,121	4,998
Accumulated Depreciation			
As at 1 January 2022	1,147	2,215	3,362
Charge for the year	355	625	980
Disposal	-	-	-
As at 31 December 2022	1,502	2,840	4,342
Carrying amount			
As at 31 December 2022	375	281	656
As at 31 December 2021	666	906	1,572

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2022 was 1.0% to 2.08%. The total cash outflow for leases in 2022 was £1,308k (2021: £1,251k). The total expense related to short term leases (included in cost of goods sold and administrative expenses was £140k (2021: £178k) and the total expense relating to leases of low-value assets (included in administrative expenses was £Nil (2021: £12k).

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

11. Property, plant and equipment

	Land & building	Equipment	Computer Equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2022	814	39,623	3,424	527	44,388
Additions	12	1,692	28	-	1,732
Disposals and transfers	-	(759)	-	(527)	(1,286)
As at 31 December 2022	826	40,556	3,452	-	44,834
Accumulated depreciation					
At 1 January 2022	736	26,325	3,227	-	30,288
Charge for the year	28	3,170	94	-	3,292
Disposals	-	(661)	-	-	(661)
As at 31 December 2022	764	28,834	3,321	-	32,919
Net book amount					
As at 31 December 2022	62	11,722	131	-	11,915
As at 31 December 2021	78	13,298	197	527	14,100

At the year-end, the amount of contractual commitments for the acquisition of property, plant and equipment was £nil (2021: £nil).

12. Inventories

	2022 £'000	2021 £'000
Goods for resale	9,197	3,901

There is no material difference between the carrying value of inventories and their replacement costs.

The inventory provision in the year was £467k (2021: £205k).

The amount of inventories expensed in the year was £20,502k (2021: £10,359k).

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

13. Debtors

	2022 £'000	2021 £'000
Trade receivables	8,552	6,796
Amounts owed by group undertakings	5,355	2,143
Other receivables	308	650
Corporation tax	143	2,229
Taxation and social security	156	-
Prepayments and accrued income	314	555
	14,828	12,373

Trade receivables are shown above net of provisions for doubtful debts of £1,270k (2021: £1,591k).

Amounts owed by group undertakings are unsecured and payable on demand under normal commercial terms.

14. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Current trade and other payables		
Bank overdrafts	40	264
Lease liabilities	432	43
Trade payables	437	2,746
Amounts owed to group undertakings – other	10,250	5,013
Amounts owed to group undertakings – group relief	-	2,002
Taxation and social security	-	761
Accruals and deferred income	826	559
	11,985	11,388

Amounts owed to group undertakings are unsecured and payable on demand under normal commercial terms.

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

15. Provisions for liabilities

	Deferred tax		
	Accelerated capital allowances	Other provisions	Total
	£'000	£'000	£'000
At 1 January 2022	199	878	1,077
(Credit) / charge to profit or loss	339	340	679
As at 31 December 2022	**538**	**1,218**	**1,756**

Analysis of deferred tax balances for financial reporting purposes:

	2022	2021
	£'000	£'000
Deferred tax liabilities	538	199
	538	199

Other provisions

	2022	2021
	£'000	£'000
Building dilapidations	654	404
Van maintenance	374	374
Asset provision	190	100
	1,218	878

Building dilapidations
Provision in relation to costs associated with repairing buildings to a satisfactory condition at the end of the lease. The basis for calculation is a proportion of the annual rent, rates and service charge as dilapidation provision.

Van maintenance
Provision in relation to costs associated with repairing leased vehicles when they are returned to the lessor at the end of the lease. The basis for calculation is a proportion of annual leasing costs per vehicle.

Asset provision
Due to the nature of the asset base a provision is required to offset any costs written off for assets that are lost or become irrecoverable.

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

16. Called up share capital

	2022 £'000	2021 £'000
Authorised, allotted, called up and fully paid		
17,445,056 (2021: 17,445,056) ordinary shares of 45p each	7,850	7,850
166,500 (2021: 166,500) 'A' convertible cumulative redeemable preference shares of 45p each	75	75
444,000 (2021: 444,000) 'B' convertible cumulative redeemable preference shares of 45p each	200	200
	8,125	8,125
Allotted, issued and fully paid		
16,836,249 (2021: 16,836,249) ordinary shares of 45p each	7,576	7,576

17. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme 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 6.

18. Dividends paid and proposed

The directors recommend a final dividend for the year of £5,357k at 72.6p per ordinary share.

19. Subsequent events

There are no material subsequent events to report.

20. 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 (2021: none).

21. Ultimate controlling party

The company's immediate parent undertaking is Air Liquide Limited, which is incorporated in England and Wales. 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, the parent of the group in whose consolidated financial statements the company's financial statements are consolidated, may be obtained from:

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