

Registered no : 212945

**BOC Holdings**  
**Annual report**  
**for the year ended 30 September 2003**



# **BOC Holdings**

## **Annual report for the year ended 30 September 2003**

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## **BOC Holdings**

### **Directors' report for the year ended 30 September 2003**

The directors present their report and the audited financial statements of the company for the year ended 30 September 2003.

#### **Principal activities**

The company's principal activity is and has been throughout the year that of an investment holding company. It is envisaged that this will continue to be the principal activity of the company for the foreseeable future.

The results for the year are contained in the accompanying profit and loss account on page 5.

#### **Dividends**

A first interim dividend on the company's ordinary shares amounting to £24,000,000 was paid on 16 December 2002 (2002: £Nil).

A second interim dividend on the company's ordinary shares amounting to £176,000,000 was paid on 21 March 2003 (2002: Nil).

The directors do not recommend the payment of a final dividend for the year ended 30 September 2003 (2002: £nil).

#### **Directors**

The directors of the company during the year were:

Mr N Deeming

Mr A E Isaac

Mr R Médori

Mr V K Saith

(resigned 20 November 2002)

Mr P C G Spence

(appointed 20 November 2002)

Mr J L Walsh

Mr P C G Spence was appointed a full director of the company on 20 November 2002 having previously been an alternate director.

The directors are not subject to retirement by rotation.

#### **Directors' interests**

According to the register kept by the company for the purposes of section 324 of the Companies Act 1985, no director was interested in any shares or debentures of the company at 30 September 2003. Interests in shares or debentures of The BOC Group plc, the immediate and ultimate parent company were as follows:

## BOC Holdings

### Directors' interests (cont'd)

Name	Ordinary shares of 25p each		Options over Ordinary shares of 25p each			
	30.09.03	01.10.02	30.09.03	Granted during the year	Exercised during the year	01.10.02
N Deeming	-	-	151,036	71,036	-	80,000
P C G Spence	2,456	2,456	60,933	25,933	-	35,000

The interests of Mr A E Isaac, Mr R Médori and Mr J L Walsh in the shares or debentures of The BOC Group plc are disclosed in that company's accounts.

Apart from the above interests, no director had any interest in the shares or debentures of any other BOC Group company at 30 September 2003 or at 30 September 2002.

### Auditors

Following the conversion of our auditors, PricewaterhouseCoopers, to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 4 March 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

Pursuant to section 386(1) of the Companies Act 1985 (as inserted by the Companies Act 1989) the members have resolved to dispense with the obligation to appoint auditors annually and PricewaterhouseCoopers LLP shall be deemed to be re-appointed each year.

### Annual general meeting and laying of accounts

Pursuant to sections 366A(1) and 252(1) of the Companies Act 1985 (as inserted by the Companies Act 1989) the members have resolved to dispense with the holding of Annual General Meetings and the laying of the Report and Accounts of the company before the members in general meeting.

By order of the Board

  
C A Hunt  
Secretary

16 December 2003

## **BOC Holdings**

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 September 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

## **BOC Holdings**

### **Independent auditors' report to the members of BOC Holdings**

We have audited the financial statements which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

#### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
London  
16 December 2003

## BOC Holdings

### Profit and loss account for the year ended 30 September 2003

	Note	2003 £'000	2002 £'000
Income from shares in group undertakings		39,622	41,307
Income from participating interests		33,903	10,007
Administrative expenses	2	<u>(1,977)</u>	<u>(1,497)</u>
<b>Operating profit</b>		71,548	49,817
(Loss)/profit on disposal of investments		(997)	159,801
Interest receivable and similar income	6	15,873	12,135
Interest payable and similar charges	6	<u>(11,099)</u>	<u>(13,577)</u>
<b>Profit on ordinary activities before taxation</b>		75,325	208,176
Taxation	7	<u>(5,224)</u>	<u>(4,523)</u>
<b>Profit on ordinary activities after taxation</b>		70,101	203,653
Dividends paid		<u>(200,000)</u>	<u>-</u>
<b>Retained (loss)/profit for the financial year</b>		<u>(129,899)</u>	<u>203,653</u>

All of the above relates to continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

Comparative figures for "Administrative expenses" and "Interest payable and similar charges" have been restated to be comparable with the current year. Further details are given in note 2.

## BOC Holdings

### Statement of total recognised gains and losses for the year ended 30 September 2003

	Note	2003 £'000	2002 £'000
(Loss)/profit for the financial year		(129,899)	203,653
Exchange loss on borrowings hedging foreign currency investment		(23,604)	(2,202)
Exchange gain on foreign currency investment		23,604	2,202
Unrealised profit on disposal of investments to group undertakings		-	219
<b>Total recognised gains and losses for the year</b>		<u>(129,899)</u>	<u>203,872</u>

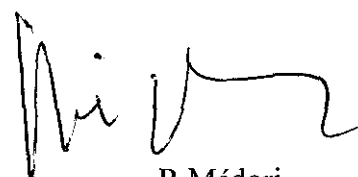


## BOC Holdings

### Balance sheet as at 30 September 2003

	Note	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Investments	8	<u>1,944,082</u>	<u>1,764,866</u>
<b>Current assets</b>			
Debtors	9	4,405	6,881
Cash at bank and in hand		<u>11,898</u>	<u>24,716</u>
		16,303	31,597
<b>Creditors: amounts falling due within one year</b>	10	<u>(859,143)</u>	<u>(565,322)</u>
<b>Net current liabilities</b>		<u>(842,840)</u>	<u>(533,725)</u>
<b>Net assets</b>		<u>1,101,242</u>	<u>1,231,141</u>
<b>Capital and reserves</b>			
Called up share capital	11	340,000	340,000
Capital reserve	12	5,835	5,835
Other reserves	12	638,674	638,674
Profit and loss account	12	<u>116,733</u>	<u>246,632</u>
<b>Equity shareholders' funds</b>	13	<u>1,101,242</u>	<u>1,231,141</u>

The financial statements on pages 5 to 17 were approved by the board of directors on 16 December 2003 and were signed on its behalf by:



R Médori  
Director

## **BOC Holdings**

### **Notes to the financial statements for the year ended 30 September 2003**

#### **1 Accounting policies**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and all applicable United Kingdom accounting standards. The principal accounting policies are set out below.

##### **a) Group accounts**

The financial statements contain information about BOC Holdings as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, The BOC Group plc, a company registered in England and Wales.

##### **b) Cash flow statement**

The company is a wholly-owned subsidiary of The BOC Group plc, and is included in the consolidated financial statements of The BOC Group plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard Number 1 (revised 1996).

##### **c) Investments**

Fixed asset investments are stated at cost less provision for any impairment in value.

##### **d) Foreign currencies**

Transactions in foreign currencies are translated into sterling at the exchange rate ruling on the date of the transaction or the contracted rate where applicable. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date and the resulting exchange differences are taken to the profit and loss account.

Exchange gains and losses arising on the re-translation of foreign currency borrowings are offset as reserve movements against the exchange differences arising on the re-translation of the matching foreign currency investments.

## **BOC Holdings**

### **2 Administrative expenses**

	<b>2003</b> <b>£'000</b>	<b>2002</b> <b>£'000</b> <b>(restated)</b>
Administrative Expenses	(1,977)	(1,497)

The profit and loss account for 2002 has been restated to reclassify costs of £1,497,000, previously included within interest payable and similar charges, as administrative expenses, as the directors believe that this more properly shows the nature of costs incurred.

### **3 Directors' emoluments**

The emoluments of the directors are paid by the immediate and ultimate parent company, The BOC Group plc, in their roles as managers and directors of The BOC Group. Their services to this company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company. Accordingly these financial statements include no emoluments in respect of the directors.

### **4 Auditors' remuneration**

The remuneration payable in relation to audit services is included in the aggregate fees disclosed in the consolidated financial statements of The BOC Group plc, the company's immediate parent company.

### **5 Employee information**

The company had no employees in the year, other than the directors. The company is not charged for the services by employees of other BOC Group companies that provide services to the company.

## BOC Holdings

### 6 Interest

#### a) Interest receivable and similar income

	2003 £'000	2002 £'000
On loans to group undertakings	5,945	2,068
On loans to participating interests	7,643	8,326
Foreign exchange gain	938	-
Other similar income - loan guarantee fees	1,347	1,741
	<u>15,873</u>	<u>12,135</u>

#### b) Interest payable and similar charges

	2003 £'000	2002 £'000
On loans from parent undertaking	7,352	6,555
On loans from group undertakings	3,747	1,511
Foreign exchange loss	-	5,511
	<u>11,099</u>	<u>13,577</u>

## BOC Holdings

### 7 Tax on profit on ordinary activities

#### a) Analysis of charge in period

	2003 £'000	2002 £'000
<b>Current tax:</b>		
UK corporation tax on profits of the period	22,851	18,103
Less: relief for overseas taxation	(17,966)	(17,363)
	<u>4,885</u>	<u>740</u>
Adjustments in respect of previous years	(3,271)	50
Overseas taxation (including adjustment in respect of previous periods)	3,610	3,733
	<u>5,224</u>	<u>4,523</u>

#### b) Factors affecting tax for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are explained below:

	2003 £'000	2002 £'000
Profit on ordinary activities before taxation	<u>75,325</u>	<u>208,176</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	22,598	62,453
Effects of:		
Expenses not deductible for tax purposes	1,237	-
Income not assessable for tax purposes	-	(874)
Profit on intra group disposal of investments	-	(47,940)
Surrender of group relief for nil consideration	-	499
Relief for overseas tax	(15,340)	(9,665)
Adjustments to overseas tax charge in respect of previous periods	(3,271)	50
Current tax charge for the period	<u>5,224</u>	<u>4,523</u>

## BOC Holdings

### 8 Investments

#### a) Summary

	2003 £'000	2002 £'000
Equity investments	1,713,960	1,541,440
Loans to group undertakings and participating interests	230,122	223,426
Total investments	<u>1,944,082</u>	<u>1,764,866</u>

#### b) Equity investments

	Shares in group undertakings £'000	Participating Interests £'000	Total £'000
<b>Cost:</b>			
At 1 October 2002	1,286,280	281,131	1,567,411
Additions	167,711	7,288	174,999
Disposals	(1,679)	-	(1,679)
At 30 September 2003	<u>1,452,312</u>	<u>288,419</u>	<u>1,740,731</u>
<b>Provisions:</b>			
At 1 October 2002	(23,971)	(2,000)	(25,971)
Additions	(800)	-	(800)
At 30 September 2003	<u>(24,771)</u>	<u>(2,000)</u>	<u>(26,771)</u>
Net book value at 30 September 2003	<u>1,427,541</u>	<u>286,419</u>	<u>1,713,960</u>
Net book value at 1 October 2002	<u>1,262,309</u>	<u>279,131</u>	<u>1,541,440</u>
<b>Listed investments – net book value</b>			
At 30 September 2003	<u>53,662</u>	<u>49,000</u>	<u>102,662</u>
At 1 October 2002	<u>43,946</u>	<u>49,000</u>	<u>92,946</u>
<b>Listed investments – market value</b>			
At 30 September 2003	<u>329,131</u>	<u>107,594</u>	<u>436,725</u>
At 1 October 2002	<u>189,244</u>	<u>107,282</u>	<u>296,526</u>

## BOC Holdings

### c) Loans to group undertakings and participating interests

	Group Undertakings £000	Participating interests £000	Total £000
<b>Cost:</b>			
At 1 October 2002	126,241	100,185	226,426
Advances	119,891	7,643	127,534
Repayments	(132,010)	-	(132,010)
Exchange	16,860	(5,688)	11,172
At 30 September 2003	130,982	102,140	233,122
<b>Provisions:</b>			
At 1 October 2002	(3,000)	-	(3,000)
At 30 September 2003	(3,000)	-	(3,000)
Net book value at 30 September 2003	127,982	102,140	230,122
Net book value at 1 October 2002	123,241	100,185	223,426

Loans to group undertakings are unsecured, interest bearing and have no fixed date of repayment. Loans to participating interests are secured, interest bearing and repayable in instalments, although there is no fixed date of repayment.

## BOC Holdings

### d) Principal group undertakings and participating interests

The following is a list of group undertakings and companies in which the company has a participating interest, the results of which, in the opinion of the directors, principally affect the results and the position of the company.

#### Subsidiary undertakings

Country of incorporation	Name	% of nominal value held	Class of shares held
Australia	BOC Limited	80	A Ordinary AUD 0.10
South Africa	African Oxygen Limited	56	Ordinary ZAR 0.05
United States	The BOC Group, Inc.	80	Common stock US\$0.05

#### Participating interests

Country of incorporation	Name	% of nominal value held	Class of shares held
Singapore	Singapore Oxygen Air Liquide Pte Limited	50 50	S\$1 Ordinary shares S\$1 Redeemable preference shares
Malaysia	Malaysian Oxygen Bhd	22.5	MYR 0.5 Ordinary shares
Hong Kong	Hong Kong Oxygen & Acetylene Co Limited	50	HK\$100 A-Ordinary shares
Mexico	Compania De Nitrogeno De Cantarell S.A. de C.V.	17.5 17.5	Class I Ordinary Class II Ordinary MXP1.00

### e) Significant investments

The aggregate capital and reserves, and retained profit of the company's significant investments as per their latest published accounts are as follows:

Name	Year end accounts used	Currency	Capital and reserves	Retained profit
Singapore Oxygen Air Liquide Pte Limited	30 September 2002	S\$'000	223,757	4,405
Malaysian Oxygen Bhd	30 September 2002	MYR'000	639,552	55,823
Hong Kong Oxygen & Acetylene Co Limited	30 September 2002	HK\$'000	226,203	(150,722)
Compania De Nitrogeno De Cantarell S.A. de C.V.	31 December 2002	US\$'000	(62,555)	46,479

The equity shares of the companies listed are held indirectly by BOC Holdings.

All companies are principally involved in the manufacture and supply of industrial and medical gases and/or allied products.



## BOC Holdings

### 9 Debtors

	2003 £'000	2002 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	3,314	2,465
Amounts owed by undertakings in which the company has a participating interest	446	1,372
Corporation tax	-	2,844
Prepayments	645	200
	<u>4,405</u>	<u>6,881</u>

Amounts owed by group undertakings and undertakings which the company has a participating interest are unsecured, interest free and repayable on demand.

### 10 Creditors

	2003 £'000	2002 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed to parent undertaking	700,904	518,030
Amounts owed to group undertakings	150,814	39,451
Amounts owed to undertakings in which the company has a participating interest	7,380	7,803
Corporation tax	9	-
Accruals and deferred income	36	38
	<u>859,143</u>	<u>565,322</u>

Amounts due to parent and group undertakings of £6,645,331 (2002: £6,644,984) are unsecured, interest bearing and have no fixed date of repayment.

The remaining amounts due to parent and group undertakings of £845,072,821 (2002: £550,837,294) are unsecured, interest free and have no fixed date of repayment.

Amounts due to participating interests are unsecured, interest free and are repayable on demand.

## BOC Holdings

### 11 Called up share capital

	2003 £'000	2002 £'000
<b>Authorised</b>		
500,000,000 Ordinary shares of £1 each	500,000	500,000
<b>Allotted, called up and fully paid</b>		
340,000,000 Ordinary shares of £1 each	340,000	340,000

### 12 Reserves

	Capital reserves	Other reserves	Profit and loss account	Total
	£'000	£'000	£'000	£'000
Balance at 1 October 2002	5,835	638,674	246,632	891,141
Retained loss for the year	-	-	(129,899)	(129,899)
Balance at 30 September 2003	5,835	638,674	116,733	761,242

### 13 Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Balance at 1 October	1,231,141	1,027,269
Profit for the year	70,101	203,653
Unrealised profit on disposal of investments to fellow BOC group undertakings	-	219
Dividends – equity	(200,000)	-
Balance at 30 September	1,101,242	1,231,141

## **BOC Holdings**

### **14 Related party transactions**

In accordance with Financial Reporting Standard Number 8, Related Party Disclosures, the company is exempt from disclosing transactions with entities that are part of The BOC Group, or investees of The BOC Group qualifying as related parties, as it is a wholly owned subsidiary of a parent publishing consolidated financial statements.

### **15 Ultimate parent company**

The immediate and ultimate parent undertaking and controlling party of the company is The BOC Group plc, which is registered in England and Wales.

The BOC Group plc is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of The BOC Group plc's consolidated financial statements can be obtained from the Company Secretary at Chertsey Road, Windlesham, Surrey, GU20 6HJ.