

**BURCKHARDT COMPRESSION (UK)  
LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 March 2010**

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**BURCKHARDT COMPRESSION (UK) LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	Mr C Webb Mr R C Zust
<b>COMPANY SECRETARY</b>	Mr C Webb
<b>COMPANY NUMBER</b>	3966507
<b>REGISTERED OFFICE</b>	Units 1 & 2 Arena 14 Bicester Park Charbridge Lane Bicester Oxfordshire OX26 4SS
<b>AUDITORS</b>	Wise & Co Chartered Accountants and Statutory Auditors Wey Court West Union Road Farnham Surrey GU9 7PT
<b>BANKERS</b>	HSBC Bank plc 168 High Street Guildford Surrey GU1 3YU
<b>SOLICITORS</b>	Stevens & Bolton The Billings Guildford Surrey GU1 4YD

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**BURCKHARDT COMPRESSION (UK) LIMITED**

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## **BURCKHARDT COMPRESSION (UK) LIMITED**

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### **DIRECTORS' REPORT for the year ended 31 March 2010**

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The directors present their report and the financial statements for the year ended 31 March 2010

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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. They 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.

#### **PRINCIPAL ACTIVITIES**

The core business of the company during the year was the promotion of sales of reciprocating compressors and related equipment and also the supply of spare parts, repairs, installation, commissioning and maintenance services for the same. In addition, the company promoted the sales and supplied spare parts and maintenance services for centrifuges, refrigeration equipment and vacuum pumps on behalf of selected companies through representation agreements.

#### **BUSINESS REVIEW**

The reported results for this past year reflect the continued economic downturn in the UK where customers extended service intervals for installed machines and deferred purchasing spare parts unless absolutely necessary in their view. We have seen some recovery in this situation, however, in the last three months of the period which augurs well for the year to come. In terms of operating costs there were a number of one-off set-up expenses associated with relocation to Bicester that could not be capitalised. Also the devaluation in Sterling affected our foreign exchange account in a negative way and margins have again been lower in general due to the costs of training new field staff. Our received commissions were lower for new machines as expected but were better than expected for the aftermarket business. New machine orders were significantly down this year as in the previous 12 months. This means that new machine commissions will be much reduced going forward in 2011 and 2012.

#### **RESULTS**

The loss for the year, after taxation, amounted to £206,490 (2009 - profit £31,189)

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**BURCKHARDT COMPRESSION (UK) LIMITED**

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**DIRECTORS' REPORT**  
**for the year ended 31 March 2010**

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**DIRECTORS**

The directors who served during the year were

Mr C Webb  
Mr R C Zust

**PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

**AUDITORS**

The auditors, Wise & Co, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf

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Mr C Webb

Director

Date 31 May 2010

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## **BURCKHARDT COMPRESSION (UK) LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BURCKHARDT COMPRESSION (UK) LIMITED**

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We have audited the financial statements of Burckhardt Compression (UK) Limited for the year ended 31 March 2010, set out on pages 5 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

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

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

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**BURCKHARDT COMPRESSION (UK) LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BURCKHARDT COMPRESSION  
(UK) LIMITED**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

*Turner*

Treena Turner FCA (Senior statutory auditor)  
for and on behalf of

**WISE & CO**

Chartered Accountants and Statutory Auditors

Wey Court West

Union Road

Farnham

Surrey

GU9 7PT

Date *25 May 2010*

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**BURCKHARDT COMPRESSION (UK) LIMITED**

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**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 March 2010**

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	<b>Note</b>	<b>2010 £</b>	<b>2009 £</b>
<b>TURNOVER</b>	1,2	<b>2,221,941</b>	<b>2,164,064</b>
Cost of sales		<b>(1,601,534)</b>	<b>(1,390,388)</b>
<b>GROSS PROFIT</b>		<b>620,407</b>	<b>773,676</b>
Administrative expenses		<b>(786,622)</b>	<b>(757,287)</b>
<b>OPERATING (LOSS)/PROFIT</b>	3	<b>(166,215)</b>	<b>16,389</b>
Interest receivable	7	<b>6,845</b>	<b>25,245</b>
Interest payable	8	<b>(61,200)</b>	<b>(45,900)</b>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(220,570)</b>	<b>(4,266)</b>
Tax on loss on ordinary activities	9	<b>14,080</b>	<b>35,455</b>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	18	<b>(206,490)</b>	<b>31,189</b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and loss account

The notes on pages 8 to 20 form part of these financial statements

**BURCKHARDT COMPRESSION (UK) LIMITED**  
Registered number: 3966507

**BALANCE SHEET**  
as at 31 March 2010

	Note	£	2010 £	£	2009 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	10		1,289,641		1,302,145
<b>CURRENT ASSETS</b>					
Stocks	11	220,252		144,069	
Debtors	12	575,856		527,097	
Cash at bank and in hand		163,157		307,033	
			<u>959,265</u>	<u>978,199</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	(694,531)		(674,479)	
<b>NET CURRENT ASSETS</b>			<u>264,734</u>		<u>303,720</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,554,375</u>		<u>1,605,865</u>
<b>CREDITORS: amounts falling due after more than one year</b>	14		(900,000)		(740,000)
<b>PROVISIONS FOR LIABILITIES</b>					
Other provisions	16		(5,000)		(10,000)
<b>NET ASSETS</b>			<u>649,375</u>		<u>855,865</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		250,000		250,000
Profit and loss account	18		399,375		605,865
<b>SHAREHOLDERS' FUNDS</b>	19		<u>649,375</u>		<u>855,865</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

*21 MAY 2010*

  
Mr C Webb  
Director

The notes on pages 8 to 20 form part of these financial statements

**BURCKHARDT COMPRESSION (UK) LIMITED**

**CASH FLOW STATEMENT**  
for the year ended 31 March 2010

	<b>Note</b>	<b>2010 £</b>	<b>2009 £</b>
Net cash flow from operating activities	21	<b>(108,179)</b>	468,799
Returns on investments and servicing of finance	22	<b>(54,355)</b>	(20,655)
Taxation		<b>85,824</b>	(127,987)
Capital expenditure and financial investment	22	<b>(67,166)</b>	(1,278,908)
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(143,876)</b>	<b>(958,751)</b>
Financing	22	<b>-</b>	900,000
<b>DECREASE IN CASH IN THE YEAR</b>		<b>(143,876)</b>	<b>(58,751)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT**  
for the year ended 31 March 2010

	<b>2010 £</b>	<b>2009 £</b>
Decrease in cash in the year	<b>(143,876)</b>	<b>(58,751)</b>
Cash inflow from increase in debt and lease financing	<b>-</b>	<b>(900,000)</b>
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(143,876)</b>	<b>(958,751)</b>
Net (debt)/funds at 1 April 2009	<b>(592,967)</b>	365,784
<b>NET DEBT AT 31 MARCH 2010</b>	<b>(736,843)</b>	<b>(592,967)</b>

The notes on pages 8 to 20 form part of these financial statements

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## BURCKHARDT COMPRESSION (UK) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2010

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#### 1 ACCOUNTING POLICIES

##### 1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

##### 1.2 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

##### 1.3 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	2%	straight line
Plant & machinery	-	20%	straight line
Fixtures & fittings	-	20%	straight line
Office equipment	-	33 33%	straight line
Computer equipment	-	33 33%	straight line

##### 1.4 OPERATING LEASES

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

##### 1.5 STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

##### 1.6 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

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## BURCKHARDT COMPRESSION (UK) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2010

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.7 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

##### 1.8 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

##### 1.9 SHARE BASED PAYMENTS

The company has applied the requirements of FRS 20 Share-based payments for the current year

The ultimate parent company issues equity-settled share-based payments to certain key personnel

#### 2. TURNOVER

The whole of the turnover is attributable to the one principal activity of the company

A geographical analysis of turnover is as follows

	2010 £	2009 £
United Kingdom	2,088,797	1,899,802
Rest of European Union	42,670	128,793
Rest of world	90,474	135,469
	<u>2,221,941</u>	<u>2,164,064</u>

#### 3. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting)

	2010 £	2009 £
Depreciation of tangible fixed assets		
- owned by the company	79,670	18,862
Difference on foreign exchange	100,209	(14,578)
Operating lease rentals - other operating leases	41,196	37,249
	<u>221,075</u>	<u>41,533</u>

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**BURCKHARDT COMPRESSION (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2010**

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**4. AUDITORS' REMUNERATION**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor for the audit of the company's annual accounts	<b>10,000</b>	<b>14,819</b>
Fees payable to the company's auditor and its associates in respect of		
All other services	<b>39,433</b>	<b>36,252</b>

**5. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>668,027</b>	<b>695,073</b>
Social security costs	<b>76,867</b>	<b>80,723</b>
Other pension costs	<b>44,926</b>	<b>44,725</b>
	<b>789,820</b>	<b>820,521</b>

The average monthly number of employees, including the directors, during the year was as follows

	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No</b>
Administrative	<b>3</b>	<b>3</b>
Marketing, technical and sales	<b>12</b>	<b>12</b>
	<b>15</b>	<b>15</b>

**6. DIRECTORS' REMUNERATION**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>87,522</b>	<b>102,614</b>
Company pension contributions to money purchase pension schemes	<b>5,791</b>	<b>5,611</b>

During the year retirement benefits were accruing to 1 director (2009 - 1) in respect of money purchase pension schemes

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**BURCKHARDT COMPRESSION (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2010

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**7. INTEREST RECEIVABLE**

	2010 £	2009 £
Interest receivable from group companies	333	10,449
Other interest receivable	6,512	14,796
	<u>6,845</u>	<u>25,245</u>

**8. INTEREST PAYABLE**

	2010 £	2009 £
On loans from group undertakings	<u>61,200</u>	<u>45,900</u>

**9. TAXATION**

	2010 £	2009 £
<b>ANALYSIS OF TAX CREDIT IN THE YEAR</b>		
<b>CURRENT TAX</b> (see note below)		
UK corporation tax charge/(credit) on loss for the year	-	(35,000)
Adjustments in respect of prior periods	(6,001)	(455)
<b>TOTAL CURRENT TAX</b>	<u>(6,001)</u>	<u>(35,455)</u>
<b>DEFERRED TAX</b> (see note 15)		
Origination and reversal of timing differences	(8,079)	-
<b>TAX ON LOSS ON ORDINARY ACTIVITIES</b>	<u>(14,080)</u>	<u>(35,455)</u>

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**BURCKHARDT COMPRESSION (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2010

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**9. TAXATION (continued)****FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2009 - *higher than*) the standard rate of corporation tax in the UK (28%) The differences are explained below

	2010 £	2009 £
Loss on ordinary activities before tax	<u>(220,570)</u>	<u>(4,266)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	(61,760)	(1,194)
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	12,090	1,844
Capital allowances in excess of depreciation	5,544	(38,918)
Creation of tax losses	44,126	38,268
Utilisation of tax losses	-	(35,000)
Adjustments to tax charge in respect of prior periods	(6,001)	(455)
<b>CURRENT TAX CREDIT FOR THE YEAR</b> (see note above)	<u>(6,001)</u>	<u>(35,455)</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges

**BURCKHARDT COMPRESSION (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2010

**10. TANGIBLE FIXED ASSETS**

	Land and buildings £	Plant and machinery £	Furniture £	Office Equipment £	Computer Hardware and Software £	Total £
<b>COST</b>						
At 1 April 2009	1,102,257	200,867	31,306	18,699	56,859	1,409,988
Additions	49,589	-	1,080	10,363	6,134	67,166
At 31 March 2010	1,151,846	200,867	32,386	29,062	62,993	1,477,154
<b>DEPRECIATION</b>						
At 1 April 2009	1,653	65,595	5,672	1,488	33,435	107,843
Charge for the year	23,037	30,263	5,405	8,521	12,444	79,670
At 31 March 2010	24,690	95,858	11,077	10,009	45,879	187,513
<b>NET BOOK VALUE</b>						
At 31 March 2010	1,127,156	105,009	21,309	19,053	17,114	1,289,641
At 31 March 2009	1,100,604	135,272	25,634	17,211	23,424	1,302,145

**11. STOCKS**

	2010 £	2009 £
Work in progress	118,680	44,653
Stock	101,572	99,416
	<u>220,252</u>	<u>144,069</u>

**12. DEBTORS**

	2010 £	2009 £
Trade debtors	507,038	300,200
Other debtors	5,534	146,880
Prepayments and accrued income	55,205	80,017
Deferred tax asset (see note 15)	8,079	-
	<u>575,856</u>	<u>527,097</u>

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**BURCKHARDT COMPRESSION (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2010**

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**13. CREDITORS:**  
**AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2010	2009
	£	£
Loan owed to parent company	-	160,000
Trade creditors	132,345	331,215
Amounts owed to group undertakings	306,500	31,179
Social security and other taxes (see below)	52,687	39,352
Other creditors	13,326	12,530
Accruals and deferred income	189,673	100,203
	<u>694,531</u>	<u>674,479</u>

**SOCIAL SECURITY AND OTHER TAXES**

	2010	2009
	£	£
PAYE/NI control	27,747	39,352
VAT control	24,940	-
	<u>52,687</u>	<u>39,352</u>

**14. CREDITORS:**  
**AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2010	2009
	£	£
Loan owed to parent company	<u>900,000</u>	<u>740,000</u>

Included within the above are amounts falling due as follows

	2010	2009
	£	£
<b>BETWEEN ONE AND TWO YEARS</b>		
Loan owed to parent company	<u>-</u>	<u>160,000</u>
<b>BETWEEN TWO AND FIVE YEARS</b>		
Loan owed to parent company	<u>720,000</u>	<u>420,000</u>
<b>OVER FIVE YEARS</b>		
Loan owed to parent company	<u>180,000</u>	<u>160,000</u>

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**BURCKHARDT COMPRESSION (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2010**

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**14. CREDITORS:**  
**AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)**

Creditors include amounts not wholly repayable within 5 years as follows

	2010 £	2009 £
Repayable by instalments	180,000	160,000

An interest rate of 6.8% is applicable for the life of the loan. No security has been given for this loan.

**15. DEFERRED TAXATION**

	2010 £	2009 £
At beginning of year	-	-
Released during year	8,079	-
At end of year	8,079	-

The deferred taxation balance is made up as follows

	2010 £	2009 £
Accelerated capital allowances	(35,925)	-
Tax losses carried forward	44,004	-
	8,079	-

**16. PROVISIONS**

	Warranty Provision £
At 1 April 2009	10,000
Amounts used	(5,000)
At 31 March 2010	5,000

**WARRANTY PROVISION**

The company provides a 12 month warranty on spare parts, repairs, valve service and field service overhauls as part of its offer to customers. During the financial year ended 31 March 2010 actual warranty claims totalled £1,200 (2009 - £4,781) which was drawn from the 31 March 2009 provision. The warranty provision for the 31 March 2010 is £5,000 (2009 - £10,000).

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**BURCKHARDT COMPRESSION (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2010**

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**17. SHARE CAPITAL**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
250,000 Ordinary shares of £1 each	<b>250,000</b>	<b>250,000</b>

**18. RESERVES**

	<b>Profit and loss account</b>
	<b>£</b>
At 1 April 2009	<b>605,865</b>
Loss for the year	<b>(206,490)</b>
At 31 March 2010	<b>399,375</b>

**19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Opening shareholders' funds	<b>855,865</b>	<b>824,676</b>
(Loss)/profit for the year	<b>(206,490)</b>	<b>31,189</b>
Closing shareholders' funds	<b>649,375</b>	<b>855,865</b>

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## BURCKHARDT COMPRESSION (UK) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2010

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#### 20. SHARE BASED PAYMENTS

The ultimate parent company entered into a long term share award scheme on the 1st April 2008 which entitles Senior management to a Long term bonus based on a set percentage allocated to each individual key member of staff and the estimated profit (after minorities) of the Burckhardt Compression AG Group

Details of this scheme are as follows

Type of arrangement	Senior management share option scheme
Date granted	1 April 2008
Number of shares initially granted	125
Number of shares granted in the period	291
Total number of shares granted	416
Contractual life	5 years
Vesting conditions	Minimum of 3 years service and achievement of a Group operating margin of at least 7.5%. If this minimum margin is not met but the Group EBIT margin is equal to or higher than one of the members of the Peers and Competitors Group, the full annual entitlement of the bonus will be available.

The estimated fair value of each share option granted is CHF 100 (£61 27) The number of shares granted was calculated by using a best estimate of the Group Profits as the Ultimate Parent Company results are only published in June The best estimate was determined by the CFO of the Ultimate Parent Company and is assumed to be Net Profit of CHF 72 million

The directors may not exercise share options until June 2011

	2010 £	2009 £
Expenses arising from share and share option plans	19,216	7,256
Closing balance of liability for share option scheme	26,472	7,256

**BURCKHARDT COMPRESSION (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2010

**21. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2010 £	2009 £
Operating (loss)/profit	(166,215)	16,389
Depreciation of tangible fixed assets	79,670	18,861
Loss on disposal of tangible fixed assets	-	238
(Increase)/decrease in stocks	(76,183)	20,872
Increase in debtors	(120,502)	(70,989)
Decrease in amounts owed by group undertakings	-	211,140
(Decrease)/increase in creditors	(95,270)	241,109
Increase in amounts owed to group undertakings	275,321	31,179
Decrease in provisions	(5,000)	-
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	<b>(108,179)</b>	<b>468,799</b>

**22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2010 £	2009 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	6,845	25,245
Interest paid	(61,200)	(45,900)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>(54,355)</b>	<b>(20,655)</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(67,166)	(1,278,908)
<b>FINANCING</b>		
New loan from parent company	-	900,000

**BURCKHARDT COMPRESSION (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2010

**23. ANALYSIS OF CHANGES IN NET DEBT**

	1 April 2009 £	Cash flow £	Other non-cash changes £	31 March 2010 £
Cash at bank and in hand	307,033	(143,876)	-	163,157
<b>DEBT:</b>				
Debts due within one year	(160,000)	-	160,000	-
Debts falling due after more than one year	(740,000)	-	(160,000)	(900,000)
<b>NET DEBT</b>	<u>(592,967)</u>	<u>(143,876)</u>	<u>-</u>	<u>(736,843)</u>

**24. CAPITAL COMMITMENTS**

At 31 March 2010 the company had capital commitments as follows

	2010 £	2009 £
Contracted for but not provided in these financial statements	-	25,465

**25. PENSION COMMITMENTS**

The company operates a defined contributions 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 amounted to £44,926 (2009 - £44,275).

**26. OPERATING LEASE COMMITMENTS**

At 31 March 2010 the company had annual commitments under non-cancellable operating leases as follows

	2010 £	2009 £
<b>EXPIRY DATE:</b>		
Within 1 year	3,293	12,113
Between 2 and 5 years	25,388	21,360

**27. RELATED PARTY TRANSACTIONS**

The company has taken exemptions available under FRS 8 not to disclose transactions with related parties as it is a wholly owned subsidiary as their results are included within the consolidated financial statements of the group which are publicly available.

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## **BURCKHARDT COMPRESSION (UK) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2010**

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#### **28 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate parent company and controlling party is Burckhardt Compression AG, a company incorporated in Switzerland. Burckhardt Compression AG prepares group accounts which include the results of the company. Copies of the group accounts are available from Burckhardt Compression AG Winterthur, CH-8401, Switzerland.