

BURCKHARDT COMPRESSION (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended 31 March 2019

BURCKHARDT COMPRESSION (UK) LIMITED

COMPANY INFORMATION

Directors	Mr C Webb Mr M Hugentobler (appointed 14 June 2018, resigned 2 November 2020) Mr H Korn (appointed 14 June 2018, resigned 28 February 2019) Mr M Wendel (appointed 14 June 2018, resigned 28 February 2019) Mr D Werner (appointed 1 March 2019) Mr L Perucchi (appointed 2 November 2020)
Company secretary	Mr C Webb
Registered number	3966507
Registered office	Units 1 & 2 Arena 14 Bicester Park Charbridge Lane Bicester Oxfordshire OX26 4SS
Independent auditors	Wise & Co Chartered Accountants and Statutory Auditors Wey Court West Union Road Farnham Surrey GU9 7PT
Bankers	HSBC Bank plc 168 High Street Guildford Surrey GU1 3YU

BURCKHARDT COMPRESSION (UK) LIMITED

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STRATEGIC REPORT
For the Year Ended 31 March 2019

The Company continues to build on its previous success in securing aftermarket work on non-Burckhardt compressors in line with the Group's reciprocating compressor aftermarket business strategy and is still recognised as being one of leading Group subsidiary in this business area. This business is varied and often complex and the competitive nature of the market requires a high level of customer interaction and service quality delivered in a short timeframe with high attention to detail.

The Company continues to partner with KompressorTeknik ML AB of Ludvika for its Nordic Countries business expansion and the Service Centre in Landvetter near Gothenburg, Sweden went "live" on 1st October 2018 and has continued to complete repair works for existing and new customers throughout the year. A successful Opening Day and Customer Training Day were held on 8th & 9th May 2019. The service business is commercially managed and administered by the Company, however, technical management and administration is done locally as far as possible with support from the UK and Switzerland. Sales for the services are delivered by a team drawn from the Company in the UK and the parent in Switzerland with a local sales manager employed by the business partner. This region has real potential for market share growth on Burckhardt compressors and on other brands of compressors, however, the service centre is effectively a "start-up" which needed an amount of capital expenditure and working capital to get to this point. The growth required to get to a sustainable business level and be clearly profitable including commissions is expected to take another one to two years.

The sales turnover in FY18 year was at a slightly lower level than the previous year despite benefitting from a significant increase in commissions with the addition of the Nordic Countries. This was due to some delays in delivery of large orders out of the parent company in Switzerland and deferred or delayed service contracts. Also, we did not have any new compressor installation and commissioning projects in country.

The Company made a loss this year largely due to the dip in local aftermarket sales, field service under-recovery early in the year, and an increase in warranty rework costs. Also the early operating/start-up costs for the new Landvetter had to be borne without return. Six to eight months of costs were incurred before the first work could be invoiced

The results compared with measured financial objectives were as follows:

- EBIT Local (After Centralized Services) – (£258k) achieved vs target £761k
- Local Sales Turnover for compressor aftermarket, excluding commissions, in UK and Nordic Countries territory - £5.915 million achieved vs target £5.545 million
- Total Sales Turnover in UK and Nordic Countries territory – CHF15.725 million achieved vs target CHF13.00 million

Going forward the results in FY19 the overall sales turnover was comparable to FY18 with some significant projects being delivered in the UK and an increase in works through Sweden. For the UK key staff have been hired and/or replaced which has shown some upturn in capabilities and efficiency.

STRATEGIC REPORT (CONTINUED)
For the Year Ended 31 March 2019

The potential uncertainties for the Compressor Services business to grow are evident in FY20 are as follows:

- Postponement or cancellation by customers of maintenance and plant improvements due to the Covid-19 pandemic,
- Supply-chain delays or deficiencies for spare parts which may affect our ability to provide a full-service offer due to the Covid-19 pandemic
- Restriction of movement of staff to attend the offices and workshops, participate in key meetings both internal and external, and deliver onsite services due to the Covid-19 pandemic
- Postponement or cancellation of investment for maintenance and plant improvement in existing UK process plants due to uncertainty regarding Brexit,
- Supply-chain delays or deficiencies for spare parts which may affect our ability to provide a full-service offer, also a risk due to Brexit,
- Recruitment, retention, availability and utilisation of key technical staff and trained and experienced field service and workshop technicians,
- Qualification and availability of suitable sub-contractors in UK and the Nordic Countries as and when required,
- End-users may close their process plants where we service compressors or replace them with different machinery or decide to reinvest in maintenance teams and chose not to outsource.
- No new sales of Compressor Systems in UK and Nordic Countries – less installation and maintenance work,
- Low level Oil & Gas sector business in the UK and Norway
- Local competition from other UK and Nordic Countries service and component companies,

However, the sales turnover likely to be achieved in FY20 will exceed the forecast made at the end of FY19 largely due to higher than average spare parts sales in the UK and Nordic Countries to date.

Sales turnover for Compressor Systems orders through the UK and Nordic Countries territories have been buoyant in FY19 in the Transport and Storage industry sector for LNG and LPG compressors with orders received for several newbuild gas carriers. One new process compressor was ordered for a chemical plant in the UK and one standard compressor was ordered for an industrial gas plant in Finland. A further order for a process compressor for a refinery in Sweden has been pushed back into FY21 although early engineering works have been ordered this year. There are many more opportunities for compressor systems in the pipeline at present.

In addition the commissions basis for LPG compressor sales in the Nordics Countries were aligned with the UK agency agreement hence the Compressor Systems commissions are higher in FY18, FY19 and FY20 than previously.

The potential uncertainties for the new compressors business to continue or grow are as follows:

- Postponement by customers of orders due to the Covid-19 pandemic,
- Postponement or cancellation of orders in UK due to uncertainty regarding Brexit,
- new construction projects onshore or at sea are deferred or cancelled due to continuing low oil and gas prices,
- loss of orders to competition on technical or commercial grounds,
- the orders are placed outside this territory thus reducing the commissions

Overall the Company continued to out-perform the sale turnover that is desired by the Group under the Mid-Range Plan.

BURCKHARDT COMPRESSION (UK) LIMITED

STRATEGIC REPORT (CONTINUED)
For the Year Ended 31 March 2019

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

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Mr D Werner

Director

Date: 24 March 2021

DIRECTORS' REPORT
For the Year Ended 31 March 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The core business of the company continues as the promotion of sales of its own range of reciprocating compressors and related equipment and also the supply of spare parts, workshop repairs, compressor revamps, installation, commissioning and maintenance services for its own compressors, other brands of reciprocating compressors, screw compressors, and diaphragm compressors. In addition, the company continues to sell spare parts, workshop repairs, and maintenance services for refrigeration equipment, vacuum pumps and industrial centrifuges on behalf of selected companies.

Results and dividends

The loss for the year, after taxation, amounted to £483,218 (2018 - profit £263,240).

The company has not recommended a dividend.

BURCKHARDT COMPRESSION (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

For the Year Ended 31 March 2019

Directors

The directors who served during the year were:

Mr C Webb

Mr M Hugentobler (appointed 14 June 2018, resigned 2 November 2020)

Mr H Korn (appointed 14 June 2018, resigned 28 February 2019)

Mr M Wendel (appointed 14 June 2018, resigned 28 February 2019)

Mr D Werner (appointed 1 March 2019)

Future developments

Since the Year End the Company has developed environmental and occupational health and safety (EOHS) systems with assistance from an external consultant and achieved accreditation for ISO14001 and OHSAS18001 respectively following the audit in June 2018.

The Company has also upgraded its accounting system to allow for financial control of both operating centres in the UK and Sweden and is introducing an accompanying web-based mini-ERP system for business control and transparency for sales, operations, finance and management. The Company has applied for and attained registration in Sweden for VAT and Corporation Tax should it be required to ensure that any locally generated revenue is treated correctly.

Recruitment for several key staff positions is ongoing or has been completed for both the UK replacement or joining the new Swedish organisation.

The Company has not engaged in any research and development activities but continues to invest in engineering design for key non-Burckhardt compressor components and developing a responsive and quality-led supply chain for the same.

Disclosure 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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

Mr D Werner

Director

Date: 24 March 2021

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

Opinion

We have audited the financial statements of Burckhardt Compression (UK) Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BURCKHARDT COMPRESSION (UK) LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BURCKHARDT COMPRESSION (UK) LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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.

Keely Harvey 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

27 March 2021

BURCKHARDT COMPRESSION (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 March 2019

	Note	2019 £	As restated 2018 £
Turnover	4	7,056,263	6,176,358
Cost of sales		(5,552,535)	(4,382,898)
Gross profit		1,503,728	1,793,460
Administrative expenses		(1,961,326)	(1,570,201)
Other operating income	5	43,710	15,549
Other operating charges		-	(10,660)
Operating (loss)/profit		(413,888)	228,148
Interest receivable		541	260
Interest payable		(57,370)	(35,645)
(Loss)/profit before tax		(470,717)	192,763
Tax on (loss)/profit	8	(12,501)	70,477
(Loss)/profit for the financial year		(483,218)	263,240

The notes on pages 13 to 30 form part of these financial statements.

BURCKHARDT COMPRESSION (UK) LIMITED
Registered number: 3966507

STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	Note	2019 £	As restated 2018 £
Fixed assets			
Intangible assets	9	76,757	-
Tangible assets	10	1,585,600	1,287,618
Current assets			
Stocks	11	188,582	209,374
Debtors: amounts falling due within one year	12	2,911,473	2,472,549
Cash at bank and in hand	13	294,693	296,328
		<u>3,394,748</u>	<u>2,978,251</u>
Creditors: amounts falling due within one year	14	<u>(1,201,683)</u>	<u>(1,656,636)</u>
Net current assets		<u>2,193,065</u>	<u>1,321,615</u>
Total assets less current liabilities		<u>3,855,422</u>	<u>2,609,233</u>
Creditors: amounts falling due after more than one year	15	(2,655,608)	(1,056,565)
Provisions for liabilities			
Deferred tax	17	-	(51,799)
Other provisions	18	(56,750)	(47,900)
		<u>(56,750)</u>	<u>(99,699)</u>
Net assets		<u><u>1,143,064</u></u>	<u><u>1,452,969</u></u>
Capital and reserves			
Called up share capital		250,000	250,000
Capital redemption reserve	19	194,393	57,039
Profit and loss account	19	698,671	1,145,930
		<u><u>1,143,064</u></u>	<u><u>1,452,969</u></u>

BURCKHARDT COMPRESSION (UK) LIMITED
Registered number: 3966507

STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 March 2019

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

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Mr D Werner

Director

Date: 24 March 2021

The notes on pages 13 to 30 form part of these financial statements.

BURCKHARDT COMPRESSION (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 March 2019

	Called up share capital £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 April 2017	250,000	-	882,690	1,132,690
Comprehensive income for the year				
Profit for the financial year	-	-	263,240	263,240
Capital contribution on intercompany loan	-	57,039	-	57,039
Total comprehensive income for the year	-	57,039	263,240	320,279
At 1 April 2018 (as previously stated)	250,000	57,039	710,077	1,017,116
Prior year adjustment	-	-	435,853	435,853
At 1 April 2018 (as restated)	250,000	57,039	1,145,930	1,452,969
Comprehensive income for the year				
Profit for the financial year	-	-	(483,218)	(483,218)
Capital contribution on intercompany loan	-	358,092	-	358,092
Capital contribution on intercompany loan on repayment	-	(184,779)	-	(184,779)
Total comprehensive income for the year	-	173,313	(483,218)	(309,905)
Transfer to/from profit and loss account	-	(35,959)	35,959	-
At 31 March 2019	250,000	194,393	698,671	1,143,064

The notes on pages 13 to 30 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

1. General information

Burckhardt Compression (UK) Limited (03966507) is a private company limited by shares and incorporated in England & Wales. The Registered Office and principal place of business is Units 1 & 2, Arena 14 Bicester Park, Charbridge Lane, Bicester, Oxfordshire OX26 4SS.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

These policies have been consistently applied to all the years presented.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Burckhardt Compression Holdings AG as at 31 March 2019 and these financial statements may be obtained from Burckhardt Compression Holdings AG, Winterthur, CH-8401, Switzerland.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Income statement is charged with fair value of goods and services received.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Plant & machinery	- 20% straight line
Motor vehicles	- 25% straight line
Fixtures & fittings	- 20% straight line
Office equipment	- 33.33% straight line
Computer equipment	- 33.33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.19 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based upon historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements.

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Provision of Services	4,306,326	3,287,871
Sale of Goods: Parts	1,513,941	1,648,336
Sale of Goods: Commission receivable	1,235,996	1,240,151
	<u>7,056,263</u>	<u>6,176,358</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	4,291,625	4,334,325
Rest of Europe	2,685,074	1,802,322
Rest of the World	79,564	39,711
	<u>7,056,263</u>	<u>6,176,358</u>

5. Other operating income

	2019 £	2018 £
Other operating income	<u>43,710</u>	<u>15,549</u>

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

6. Employees

	2019	2018
	£	£
Wages and salaries	1,872,454	1,760,042
Social security costs	221,458	214,728
Other pension costs	92,754	90,592
	<u>2,186,666</u>	<u>2,065,362</u>

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

	2019	2018
	No.	No.
Administrative	3	3
Marketing, technical and sales	29	26
	<u>32</u>	<u>29</u>

7. Directors' remuneration

	2019	2018
	£	£
Directors' emoluments	123,052	223,520
Company contributions to defined contribution pension schemes	8,048	7,708
	<u>131,100</u>	<u>231,228</u>

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

8. Taxation on profit

	2019 £	2018 £
Current tax on profits for the year	-	(64,300)
Adjustments in respect of previous periods	64,300	-
Total current tax	64,300	(64,300)
Deferred tax		
Origination and reversal of timing differences	9,982	(6,177)
Losses carried forward	(61,781)	-
Total deferred tax	(51,799)	(6,177)
Taxation on profit/(loss) on ordinary activities	12,501	(70,477)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	(470,717)	192,763
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(89,436)	36,625
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,109	486
Capital allowances for year in excess of depreciation	(12,057)	395
Utilisation of tax losses	21,727	-
Adjustments to tax charge in respect of prior periods	64,300	-
Changes in provisions leading to an increase (decrease) in the tax charge	16,974	(5,069)
Tax deduction arising from employee share scheme	-	(19,469)
Unrelieved tax losses carried forward	9,884	-
Tax impact of prior year adjustment	-	(80,228)
Change in corporation tax rate	-	(3,217)
Total tax charge for the year	12,501	(70,477)

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

8. Taxation on profit (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

9. Intangible assets

	Computer software £
Cost	
Additions	76,757
At 31 March 2019	<u>76,757</u>
Net book value	
At 31 March 2019	<u><u>76,757</u></u>
At 31 March 2018	<u><u>-</u></u>

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2019

10. Tangible assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Office equipment £
Cost or valuation					
At 1 April 2018	1,340,265	486,423	15,124	66,130	37,390
Additions	-	391,827	-	16,151	-
At 31 March 2019	<u>1,340,265</u>	<u>878,250</u>	<u>15,124</u>	<u>82,281</u>	<u>37,390</u>
Depreciation					
At 1 April 2018	222,219	358,726	15,124	47,033	35,297
Charge for the year on owned assets	27,724	83,534	-	9,232	1,870
At 31 March 2019	<u>249,943</u>	<u>442,260</u>	<u>15,124</u>	<u>56,265</u>	<u>37,167</u>
Net book value					
At 31 March 2019	<u>1,090,322</u>	<u>435,990</u>	<u>-</u>	<u>26,016</u>	<u>223</u>
At 31 March 2018	<u>1,118,046</u>	<u>127,697</u>	<u>-</u>	<u>19,097</u>	<u>2,093</u>

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

10. Tangible assets (continued)

	Computer equipment £	Total £
Cost or valuation		
At 1 April 2018	141,895	2,087,227
Additions	28,297	436,275
	<hr/>	<hr/>
At 31 March 2019	170,192	2,523,502
	<hr/>	<hr/>
Depreciation		
At 1 April 2018	121,210	799,609
Charge for the year on owned assets	15,933	138,293
	<hr/>	<hr/>
At 31 March 2019	137,143	937,902
	<hr/>	<hr/>
Net book value		
At 31 March 2019	<u>33,049</u>	<u>1,585,600</u>
At 31 March 2018	<u>20,685</u>	<u>1,287,618</u>

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

11. Stocks

	2019	2018
	£	£
Work in progress	154,225	152,234
Parts stock	34,357	57,140
	<u>188,582</u>	<u>209,374</u>

Stock recognised in cost of sales during the year as an expense was £2,906,961 (2018: £2,476,291).

12. Debtors

	2019	2018
	£	£
Trade debtors	1,728,427	1,231,947
Amounts owed by group undertakings	825,505	813,682
Other debtors	3,338	96,258
Prepayments and accrued income	354,203	330,662
	<u>2,911,473</u>	<u>2,472,549</u>

13. Cash at bank and in hand

	2019	2018
	£	£
Cash at bank and in hand	<u>294,693</u>	<u>296,328</u>

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

14. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	171,408	264,616
Amounts owed to group undertakings	474,077	965,682
Other taxation and social security	206,334	205,187
Other creditors	63,366	57,960
Accruals and deferred income	286,498	163,191
	<u>1,201,683</u>	<u>1,656,636</u>

15. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Intercompany loan	<u>2,655,608</u>	<u>1,056,565</u>

16. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due 2-5 years		
Intercompany loan	<u>2,655,608</u>	<u>1,056,565</u>

The intercompany loan is repayable in March 2024 with accelerated partial or total repayment being allowed, with the permission of the immediate parent company. Interest is paid quarterly on the principal outstanding. The interest rate is reviewable at the commencement of every calendar year and the rate charged for the current year was 1.75% (2018: 1.75%).

For accounting purposes the loan value has been discounted at an effective interest rate of 3.25%.

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

17. Deferred taxation

	2019 £
At beginning of year	(51,799)
Charged to profit or loss	51,799
At end of year	-

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	61,781	51,799
Tax losses carried forward	(61,781)	-

18. Other provisions

	Warranty provision £	Other provision £	Total £
At 1 April 2018	47,900	-	47,900
Charged to profit or loss	21,465	37,500	58,965
Utilised in year	(50,115)	-	(50,115)
At 31 March 2019	19,250	37,500	56,750

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 2019 actual warranty claims totalled £50,115 (2018 - £165,225) of which £47,900 was drawn from the 31 March 2018 provision. The warranty provision for the 31 March 2019 is £19,250 (2018 - £47,900). Due to the nature of the warranties provided the timing and cash outflows are uncertain.

Other provision

There was a tribunal claim in progress as at 31 March 2019. The final settlement agreement was reached in May 2020 and an associated settlement payment of £37,500 will be made.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

19. Reserves

Retained earnings

Retained earnings represent cumulative profits and losses net of other adjustments.

Capital contribution reserve

This reserve represents the capital contribution made by the parent company on a below market rate loan.

20. Prior year adjustment

The classification of costs between cost of sales and overheads has been adjusted, as management feel this is a more accurate representation. This has led to a rise of £127,589 in the comparative cost of sales figure and a corresponding decrease in overheads costs.

A prior year adjustment of £435,853 in respect of sales commission has been introduced for sales commissions which were due in the comparative period but not invoiced.

21. 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 £79,692 (2018 - £90,591). At the year end contributions of £11,486 (2018 - £11,104) were payable to the fund and are included within creditors.

22. Commitments under operating leases

At 31 March 2019 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2019 £	2018 £
Not later than 1 year	64,942	119,501
Later than 1 year and not later than 5 years	33,431	85,651
	<u>98,373</u>	<u>205,152</u>

23. Related party transactions

The company has taken advantage of the exemption conferred by section 33 in Financial Reporting Standard 102 "Related party disclosures" not to disclose transactions with wholly owned members of the group headed by Burckhardt Compression Holdings AG.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

24. Controlling party

The immediate parent company and controlling party is Burckhardt Compression AG.

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

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