

BURCKHARDT COMPRESSION (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

BURCKHARDT COMPRESSION (UK) LIMITED

COMPANY INFORMATION

Directors	Mr C Webb T Iannuzzi Mr D Werner Mr L Perucchi
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 2022**

Introduction

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 the leading Group subsidiaries 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.

Following on from a previous 3-year strategic partnership of Burckhardt Compression (UK) Ltd with KompressorTeknik ML AB of Ludvika for business expansion into the Nordic Countries, a separate subsidiary of the parent company Burckhardt Compression AG of Winterthur, Switzerland has been established in Sweden as of 1st April 2021. This company is called Burckhardt Compression (Sweden) AB and includes the service centre in Landvetter near Gothenburg and all relevant local staff who were transferred across from the former partner company.

The revenues derived from all business activities of the Swedish entity are now separately reported and accounted for locally within Sweden and, from this year, will not appear through the UK Company's accounts, with some exceptions for work in progress at the last year end. The Swedish entity is still commercially managed and administered by employees of the UK Company, however, sales, technical management and administration is done locally as far as possible with support from the UK and Switzerland.

As mentioned above, the local 3rd party sales and commissions turnover in FY21 year are significantly down on the previous year FY20 due to the split away by the Nordic Countries sales into the Swedish entity. However, for the UK only, compared with earlier targets/forecasts, they still acceptable as they still show a growth trend overall. Local sales were also complemented by good commissions from direct parent company Services Division after-market business to the UK with the largest part due to the growing LNG marine business. Lastly, Sales were supplemented by commissions from the Systems Division which is accounted for mostly by the sales of LPG marine compressors to Key Accounts in the UK. There are two new land-based compressor installations and commissioning projects but both were delayed beyond the year end.

The results compared with measured financial objectives for the as part of the Northwest Europe territory were as follows:

- Services EBIT Local (After Centralized Services) – £1.175m achieved vs target GB£532k
- Local Services Sales Turnover for compressor aftermarket, excluding commissions, in UK - £4.493 million achieved vs target of £4.853 million
- Total Services Sales Turnover in UK territory – CHF8.492m achieved vs target of CHF8.324 million

Going forward, the early results in FY22 for the overall sales turnover are comparable to FY21 with another good year for spare parts sales and direct sales commissions expected.

The potential uncertainties for the Compressor Services business to grow are evident in FY22 are as follows:

- Postponement or cancellation of maintenance due to energy price increases, i.e. end-users may close their process plants where we service compressors as their continued operation is unviable either on a temporary or permanent basis,
- Postponement or cancellation of investment for maintenance and plant improvement in existing UK process plants due to continued uncertainty regarding Brexit,
- End-users may replace equipment we service with different machinery or decide to reinvest in maintenance teams and chose not to outsource,
- Potential supply-chain delays, deficiencies or complete interruptions for spare parts which may affect our ability to provide a full-service offer due to global shortages,
- Restriction of movement of staff to deliver onsite intercompany services especially in the Nordic Countries,
- Local competition from other UK service and component companies.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

and Storage industry sector for LNG and LPG compressors with orders received for several newbuild gas carriers. This is expected to continue in FY22. There are many opportunities for diaphragm and reciprocating compressor systems in the pipeline at present for the Hydrogen for Mobility and Energy market segment. The change to the UK regulations system, i.e. moving from the European CE marking and accreditation to the new UKCA system is being addressed with local packaging partners for the target markets.

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

- Postponement or cancellation of orders via the UK,
- new construction projects onshore or at sea are deferred or cancelled,
- 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 sales turnover that is desired by the Group under the Mid-Range Plan.

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

Mr C Webb
Director

Date: 15 December 2022

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

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

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 activity

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 profit for the year, after taxation, amounted to £885,822 (2021 - £660,026).

The company has not recommended a dividend.

Directors

The directors who served during the year were:

Mr C Webb
T Iannuzzi
Mr D Werner
Mr L Perucchi

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Future developments

As mentioned above Burckhardt Compression AG has established a new subsidiary as of 1st April 2021, called Burckhardt Compression (Sweden) AB in Landvetter near Gothenburg. This means that as of that date company reporting has been segregated fully and reported separately in the UK and Sweden. Both entities will be managed by one Northwest Europe management team and certain job functions in the UK will have dual responsibility still for the Nordic Countries. Intercompany arrangements have been made to ensure all operational costs and overheads charges are correctly charged to each entity. This means that the revenue for FY21 in the UK will be less than FY20.

The Company has also upgraded its accounting system to allow for segregated financial control of both operating centres in the UK and Sweden by being cloud-based and introduced a web-based overlay mini-ERP system for business control and transparency for sales, operations, finance and management. However, this will be replaced within the next 2 years with a new standardised set of business reporting and management tools across all subsidiaries.

Since the Year End the Northwest Europe management team has been altered with a change in Managing Director and a new management structure with new responsibilities in accordance with the forthcoming STREAM initiative in the Service Division (STREAM = simple, transparent, regional, efficient, aligned, modern)

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.

Price risk

The Company is largely shielded from commodity price risk since it is primarily a service company. A large proportion of the components required are sourced from the immediate parent company in Switzerland, which due to its size and standing enjoys significant global purchasing power and increasing access to low-cost sourcing opportunities both within the Group and outside.

Credit risk

The Company is exposed to credit related losses in the event of non-performance by counterparties to financial instruments. Credit risk is mitigated by having a core long-standing customer base which has generated a good credit record with the Company over time, and in selecting new business counterparties selecting those companies that are large players in the industry.

Liquidity risk

Through regular cash forecasts and a commitment by the Parent Company to maintain and grow the Company which manifests in internal extended-payment terms on current account and flexibility of loan repayment, the Company maintains a situation of sufficient available funding for both operations and any planned expansion.

Interest rate cash flow risk

The Company has no material interest bearing liabilities other than a parent company loan, which is reviewed/renewed every five years.

BURCKHARDT COMPRESSION (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

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

Mr C Webb
Director

Date: 15 December 2022

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 2022, 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, 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.

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

Auditors' responsibilities for the audit of the financial statements

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

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

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation.

Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and enquiries of legal counsel. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.

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.

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

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.

Stephen South 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

20 December 2022

BURCKHARDT COMPRESSION (UK) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
Turnover	4	6,740,239	8,159,206
Cost of sales		(4,090,711)	(5,459,119)
Gross profit		2,649,528	2,700,087
Administrative expenses		(1,516,378)	(2,008,094)
Other operating income	5	52,794	94,896
Operating profit		1,185,944	786,889
Interest receivable and similar income		16	625
Interest payable and similar expenses		(81,157)	(36,879)
Profit before tax		1,104,803	750,635
Tax on profit	9	(218,981)	(90,609)
Profit for the financial year		885,822	660,026

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021: £NIL).

The notes on pages 15 to 31 form part of these financial statements.

BURCKHARDT COMPRESSION (UK) LIMITED
REGISTERED NUMBER: 3966507

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	10	25,389	62,868
Tangible assets	11	1,026,115	1,289,931
		<u>1,051,504</u>	<u>1,352,799</u>
Current assets			
Stocks	12	309,106	493,757
Debtors: amounts falling due within one year	13	2,867,207	2,106,415
Cash at bank and in hand	14	818,533	622,382
		<u>3,994,846</u>	<u>3,222,554</u>
Creditors: amounts falling due within one year	15	(1,563,583)	(1,509,159)
Net current assets		<u>2,431,263</u>	<u>1,713,395</u>
Total assets less current liabilities		<u>3,482,767</u>	<u>3,066,194</u>
Creditors: amounts falling due after more than one year	16	(1,067,943)	(1,392,039)
Provisions for liabilities			
Deferred tax	18	(26,246)	(57,399)
Other provisions	19	-	(114,000)
		<u>(26,246)</u>	<u>(171,399)</u>
Net assets		<u><u>2,388,578</u></u>	<u><u>1,502,756</u></u>
Capital and reserves			
Called up share capital		250,000	250,000
Capital redemption reserve	20	90,018	157,961
Profit and loss account	20	2,048,560	1,094,795
		<u><u>2,388,578</u></u>	<u><u>1,502,756</u></u>

BURCKHARDT COMPRESSION (UK) LIMITED
REGISTERED NUMBER: 3966507

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2022

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

Mr C Webb
Director

Date: 15 December 2022

The notes on pages 15 to 31 form part of these financial statements.

BURCKHARDT COMPRESSION (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2020	250,000	157,961	434,769	842,730
Comprehensive income for the year	-	-	660,026	660,026
Profit for the year				
	-	-	660,026	660,026
Total comprehensive income for the year				
	-	-	-	-
Total transactions with owners				
	250,000	157,961	1,094,795	1,502,756
At 1 April 2021				
Comprehensive income for the year	-	-	885,822	885,822
Profit for the year				
	-	-	885,822	885,822
Total comprehensive income for the year				
Transfer to/from profit and loss account	-	(67,943)	67,943	-
	-	(67,943)	67,943	-
Total transactions with owners				

At 31 March 2022

<u>250,000</u>	<u>90,018</u>	<u>2,048,560</u>	<u>2,388,578</u>
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BURCKHARDT COMPRESSION (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

The notes on pages 15 to 31 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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).

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 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 11.42, 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 2022 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 2022

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 2022

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 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.7 Interest income

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

2.8 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.

2.9 Borrowing costs

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

2.10 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.

2.11 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting 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 profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.12 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 reporting 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.

2.13 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.

2.14 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 2022

2. Accounting policies (continued)

2.14 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 and machinery	-	20%	Straight line
Motor vehicles	-	25%	Straight line
Fixtures and fittings	-	20%	Straight line
Office equipment	-	33%	Straight line
Computer equipment	-	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.

2.15 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.

2.16 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.

2.17 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.

2.18 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 2022

2. Accounting policies (continued)

2.19 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 reporting 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.

2.20 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 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.

BURCKHARDT COMPRESSION (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

4. Turnover

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

	2022 £	2021 £
Provision of services	2,788,425	2,197,418
Sale of goods: Parts	2,243,261	4,204,503
Sale of goods: Commission receivable	1,708,553	1,757,285
	<u>6,740,239</u>	<u>8,159,206</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	3,408,662	3,673,415
Rest of Europe	3,130,776	4,422,209
Rest of the world	200,801	63,581
	<u>6,740,239</u>	<u>8,159,205</u>

5. Other operating income

	2022 £	2021 £
Other operating income	7,576	9,960
Government grants receivable	45,218	84,936
	<u>52,794</u>	<u>94,896</u>

6. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>35,795</u>	<u>21,436</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

BURCKHARDT COMPRESSION (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	2,039,754	1,887,762
Social security costs	253,866	233,523
Cost of defined contribution scheme	117,074	109,491
	<u>2,410,694</u>	<u>2,230,776</u>

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

	2022 No.	2021 No.
Administrative	6	6
Marketing, technical and sale	27	27
	<u>33</u>	<u>33</u>

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	137,118	226,791
Company contributions to defined contribution pension schemes	8,505	8,401
	<u>145,623</u>	<u>235,192</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

9. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	250,134	33,210
	<u>250,134</u>	<u>33,210</u>
Total current tax	<u>250,134</u>	<u>33,210</u>
Deferred tax		
Origination and reversal of timing differences	(31,153)	57,399
	<u>(31,153)</u>	<u>57,399</u>
Total deferred tax	<u>(31,153)</u>	<u>57,399</u>
Taxation on profit on ordinary activities	<u>218,981</u>	<u>90,609</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>1,104,803</u>	<u>750,635</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	209,913	142,621
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,824	2,022
Capital allowances for year in excess of depreciation	27,857	18,805
Utilisation of tax losses	-	(114,338)
Short-term timing difference leading to an increase (decrease) in taxation	(31,153)	57,399
Changes in provisions leading to an increase (decrease) in the tax charge	8,540	(13,855)
Tax deduction arising from exercise of employee options	-	(17,555)
Other differences leading to an increase (decrease) in the tax charge	-	15,510
Total tax charge for the year	<u>218,981</u>	<u>90,609</u>

BURCKHARDT COMPRESSION (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

9. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

10. Intangible assets

	Computer software £
Cost	
At 1 April 2021	114,251
At 31 March 2022	114,251
Amortisation	
At 1 April 2021	51,383
Charge for the year on owned assets	37,479
At 31 March 2022	88,862
Net book value	
At 31 March 2022	25,389
At 31 March 2021	62,868

11. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £
Cost or valuation					
At 1 April 2021	1,311,699	806,235	15,124	89,481	82,457
Additions	-	39,798	-	4,790	8,777
Disposals	-	(463,385)	-	-	(12,062)
At 31 March 2022	1,311,699	382,648	15,124	94,271	79,172

BURCKHARDT COMPRESSION (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

11. Tangible fixed assets (continued)

Depreciation

At 1 April 2021	302,933	544,765	15,124	77,547	74,696
Charge for the year on owned assets	27,126	20,059	-	7,097	7,472
Disposals	-	(210,358)	-	-	(9,662)
At 31 March 2022	330,059	354,466	15,124	84,644	72,506

Net book value

At 31 March 2022	981,640	28,182	-	9,627	6,666
<i>At 31 March 2021</i>	<i>1,008,766</i>	<i>261,470</i>	<i>-</i>	<i>11,934</i>	<i>7,761</i>

**Total
£**

Cost or valuation

At 1 April 2021	2,304,996
Additions	53,365
Disposals	(475,447)
At 31 March 2022	1,882,914

Depreciation

At 1 April 2021	1,015,065
Charge for the year on owned assets	61,754
Disposals	(220,020)
At 31 March 2022	856,799

Net book value

At 31 March 2022	1,026,115
<i>At 31 March 2021</i>	<i>1,289,931</i>

BURCKHARDT COMPRESSION (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

11. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2022 £	2021 £
Freehold	981,640	1,008,766
	<u>981,640</u>	<u>1,008,766</u>

12. Stocks

	2022 £	2021 £
Work in progress (goods to be sold)	286,760	452,893
Finished goods and goods for resale	22,346	40,864
	<u>309,106</u>	<u>493,757</u>

13. Debtors

	2022 £	2021 £
Trade debtors	1,890,070	1,708,362
Amounts owed by group undertakings	807,864	279,309
Other debtors	20,540	-
Prepayments and accrued income	148,733	118,744
	<u>2,867,207</u>	<u>2,106,415</u>

14. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	818,533	622,382
	<u>818,533</u>	<u>622,382</u>

BURCKHARDT COMPRESSION (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

15. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	128,518	348,672
Amounts owed to group undertakings	622,074	424,045
Corporation tax	201,334	82,000
Other taxation and social security	217,962	335,283
Other creditors	55,694	49,150
Accruals and deferred income	338,001	270,009
	<u>1,563,583</u>	<u>1,509,159</u>

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

	2022 £	2021 £
Other loans	1,067,943	1,392,039
	<u>1,067,943</u>	<u>1,392,039</u>

17. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due 2-5 years		
Other loans	1,067,943	1,392,039
	<u>1,067,943</u>	<u>1,392,039</u>
	<u>1,067,943</u>	<u>1,392,039</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% (2021: 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 2022**

18. Deferred taxation

	2022 £
At beginning of year	(57,399)
Charged to profit or loss	31,153
At end of year	(26,246)

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(50,606)	(57,399)
Provisions	24,360	-
	(26,246)	(57,399)

19. Provisions

	Warranty provision £
At 1 April 2021	114,000
Utilised in year	(114,000)
At 31 March 2022	-

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 2022 actual

warranty claims totalled £114,000 (2021 - £30,000) of which £114,000 was drawn from the 31 March 2021 provision. The warranty provision for the 31 March 2022 is £NIL (2021 - £114,000). Due to the

nature of the warranties provided the timing and cash outflows are uncertain.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

20. 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.

21. Share based payments

Burckhardt Compression (UK) Limited (BCUK) operates an equity-settled share based remuneration scheme for employees. Selected employees are eligible to participate in the long-term incentive scheme, the only vesting conditions is that the employees remain in the business for three years and the number of shares vested is dependent on the performance of the business.

None of the shares were eligible to be vested or exercised by the end of the year.

The estimated outstanding balance at 2021 was £43,992.

The estimated outstanding balance at the year-end is £87,894.

The estimated valuation was based on prior historic performance. It was considered that this approach would result in materially accurate estimate of the fair value of options granted.

BCUK did not enter into any new share-based payments transactions with any parties during the year.

22. 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 £117,074 (2021 - £109,491) . Contributions totalling £20,847 (2021 - £16,163) were payable to the fund at the reporting date and are included in creditors.

23. Commitments under operating leases

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
	£	£
Not later than 1 year	70,590	71,583
Later than 1 year and not later than 5 years	33,066	89,336
	<u>103,656</u>	<u>160,919</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

24. 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.

25. Comparatives

The classification of costs between cost of sales and overheads has been adjusted, as management feel this is a more accurate representation of the costs. This has led to a rise of £5,273 in the comparative sales figure and a corresponding decrease in overheads costs.

26. 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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