

BURCKHARDT COMPRESSION (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended 31 March 2020

BURCKHARDT COMPRESSION (UK) LIMITED

COMPANY INFORMATION

Directors	Mr C Webb Mr M Hugentobler (resigned 2 November 2020) Mr D Werner 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 2020

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.

The Company continued to partner with KompressorTeknik ML AB of Ludvika for its Nordic Countries business expansion and the Service Centre in Landvetter near Gothenburg. 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 and the venture has moved from a "start-up" phase through to an early growth stage with well trained staff and developing relationships with existing and potential customers. The growth required to get to a sustainable business level and be clearly profitable including commissions is expected to take another year. In December 2020 the Burckhardt Compression Group Main Board approved the business plan developed to follow the pre-agreed option with the Swedish partner that Burckhardt Compression AG would establish its own subsidiary as the parent company transferring the facilities and staff to the new entity. This goes live as of 1st April 2021.

The 3rd party sales turnover in FY19 year was higher than the previous year due to some larger projects and the growth in the Nordic Countries. Sales were also buoyed by good commissions from direct parent company Services Division after-market business to the UK and the Nordic Countries 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 and Nordic Countries, however, we did not have any new land-based compressor installations and commissioning projects.

The Company made a loss this year largely due to the field service and workshop under-recovery and a continued high level of warranty or rework costs.

The results compared with measured financial objectives were as follows:

- EBIT Local (After Centralized Services) – £251k (loss) achieved vs target £467k
- Local Sales Turnover for compressor aftermarket, excluding commissions, in UK and Nordic Countries territory - £6.639 million achieved vs target £6.494 million
- Total Sales Turnover in UK and Nordic Countries territory – CHF16.304 million achieved vs target CHF16.597 million

Going forward, despite the Covid-19 pandemic, the results in FY20 the overall sales turnover was comparable to FY19 with a record year for spare parts sales experienced to offset the increases in field service variance (furlough scheme accounted for). There were some important projects delivered in both areas and an increase in works through the Nordic Countries. For both the UK and Nordic Countries 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 2020

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

- Continuing postponement or cancellation by customers of maintenance and plant improvements due to the Covid-19 pandemic,
- Potential supply-chain delays, deficiencies or complete interruptions for spare parts which may affect our ability to provide a full-service offer due to Brexit or the Covid-19 pandemic
- Restriction of movement of staff to deliver onsite services due to the Covid-19 pandemic, especially in the Nordic Countries due to travel restrictions.
- Postponement or cancellation of investment for maintenance and plant improvement in existing UK process plants due to continued uncertainty regarding 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.
- Few 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,

Sales turnover for Compressor Systems orders through the UK and Nordic Countries territories have been buoyant in FY20 in the Transport and Storage industry sector for LNG and LPG compressors with orders received for several newbuild gas carriers. This is expected to continue in FY21. One new process compressor was ordered for a chemical plant in the UK and two standard compressors have been ordered for industrial gas plants, one in Finland and one in the UK. 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 more opportunities for compressor systems in the pipeline at present for industrial gases and the new Hydrogen for Mobility and Energy market segment.

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 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.

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Mr C Webb

Director

Date: 17 November 2021

DIRECTORS' REPORT
For the Year Ended 31 March 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 prepared the financial statements in accordance United Kingdom Generally Accepted Accounting Practice, (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102, 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 £300,333 (2019 - loss £483,219).

The company has not recommended a dividend.

DIRECTORS' REPORT (CONTINUED)

For the Year Ended 31 March 2020

Directors

The directors who served during the year were:

Mr C Webb

Mr M Hugentobler (resigned 2 November 2020)

Mr D Werner

Future developments

As mentioned above Burckhardt Compression has established a new subsidiary as of 1st April 2021, Burckhardt Compression (Sweden) AB in Landvetter near Gotheburg. This means that as of that date company reporting will be 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 will mean that the revenue for FY21 in the UK will be less than FY20.

Since the Year End the Company has developed quality, environmental and occupational health and safety (EOHS) systems with assistance from an external consultant for ISO9001, ISO14001 and OHSAS18001 respectively following the last successful audit in June 2018. A full-time QEOHS Manager has been recruited in September 2020 to develop our systems further for the next audit due in September and October 2021 for the UK and Nordic Countries respectively.

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. This is now being developed again to take into account the two separate entities.

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.

BURCKHARDT COMPRESSION (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

For the Year Ended 31 March 2020

Interest rate cash flow risk

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

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. As mentioned above Burckhardt Compression AG has established a new subsidiary as of 1st April 2021, Burckhardt Compression (Sweden) AB in Landvetter near Gotheburg. This means that as of that date company reporting will be segregated fully and reported separately in the UK and Sweden.

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

Mr C Webb

Director

Date: 17 November 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 2020, 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 2020 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 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.

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

19 November 2021

BURCKHARDT COMPRESSION (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 March 2020

	Note	2020 £	2019 £
Turnover	4	8,065,483	7,056,263
Cost of sales		(6,198,434)	(5,578,781)
Gross profit		1,867,049	1,477,482
Administrative expenses		(2,093,942)	(1,935,081)
Other operating income	5	10,092	43,710
Operating loss		(216,801)	(413,889)
Interest receivable and similar income		2,831	541
Interest payable and similar expenses		(86,363)	(57,370)
Loss before tax		(300,333)	(470,718)
Tax on loss	9	-	(12,501)
Loss for the financial year		(300,333)	(483,219)

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

The notes on pages 13 to 29 form part of these financial statements.

BURCKHARDT COMPRESSION (UK) LIMITED
Registered number: 3966507

STATEMENT OF FINANCIAL POSITION
As at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	10	104,681	76,757
Tangible assets	11	1,441,285	1,585,600
		<u>1,545,966</u>	<u>1,662,357</u>
Current assets			
Stocks	12	198,489	188,581
Debtors: amounts falling due within one year	13	3,306,843	2,911,473
Cash at bank and in hand	14	690,324	294,693
		<u>4,195,656</u>	<u>3,394,747</u>
Creditors: amounts falling due within one year	15	(2,139,353)	(1,201,683)
Net current assets		<u>2,056,303</u>	<u>2,193,064</u>
Total assets less current liabilities		<u>3,602,269</u>	<u>3,855,421</u>
Creditors: amounts falling due after more than one year	16	(2,692,039)	(2,655,608)
Provisions for liabilities			
Other provisions	19	(67,500)	(56,750)
		<u>(67,500)</u>	<u>(56,750)</u>
Net assets		<u><u>842,730</u></u>	<u><u>1,143,063</u></u>
Capital and reserves			
Called up share capital		250,000	250,000
Capital redemption reserve	20	157,961	194,393
Profit and loss account	20	434,769	698,670
		<u><u>842,730</u></u>	<u><u>1,143,063</u></u>

BURCKHARDT COMPRESSION (UK) LIMITED
Registered number: 3966507

STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 March 2020

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

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Mr C Webb

Director

Date: 17 November 2021

The notes on pages 13 to 29 form part of these financial statements.

BURCKHARDT COMPRESSION (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 March 2020

	Called up share capital £	Capital redemption reserve £	Retained earnings £	Total equity £
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	-	-	(483,219)	(483,219)
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	(483,219)	(309,906)
Transfer to/from profit and loss account	-	(35,959)	35,959	-
At 1 April 2019	250,000	194,393	698,670	1,143,063
Comprehensive income for the year				
Profit for the financial year	-	-	(300,333)	(300,333)
Total comprehensive income for the year	-	-	(300,333)	(300,333)
Transfer to/from profit and loss account	-	(36,432)	36,432	-
At 31 March 2020	250,000	157,961	434,769	842,730

The notes on pages 13 to 29 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2020

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 financial statements are presented in Sterling to whole £s.

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 2020 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 2020

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 2020

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 2020

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 2020

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.

The estimated useful lives range as follows:

Computer software	-	3	years
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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 2020

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 2020

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.

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2020

4. Turnover

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

	2020 £	2019 £
Provision of Services	4,002,785	4,306,326
Sale of Goods: Parts	2,987,774	1,513,941
Sale of Goods: Commission receivable	1,074,925	1,235,996
	<u>8,065,484</u>	<u>7,056,263</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	4,557,674	4,291,625
Rest of Europe	3,430,855	2,685,074
Rest of the world	76,955	79,564
	<u>8,065,484</u>	<u>7,056,263</u>

5. Other operating income

	2020 £	2019 £
Other operating income	10,092	43,710
	<u>10,092</u>	<u>43,710</u>

6. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<u>18,402</u>	<u>14,200</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 2020

7. Employees

	2020	2019
	£	£
Wages and salaries	1,814,724	1,867,924
Social security costs	240,850	221,458
Cost of defined contribution scheme	116,569	92,754
	<u>2,172,143</u>	<u>2,182,136</u>

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

	2020	2019
	No.	No.
Administrative	2	3
Marketing, technical and sales	31	29
	<u>33</u>	<u>32</u>

8. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	139,423	123,052
Company contributions to defined contribution pension schemes	8,370	8,048
	<u>147,793</u>	<u>131,100</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2020

9. Taxation on profit

	2020	2019
	£	£
Corporation tax		
Adjustments in respect of previous periods	-	64,300
Total current tax	<u>-</u>	<u>64,300</u>
Deferred tax		
Origination and reversal of timing differences	-	9,982
Losses carried forward	-	(61,781)
Total deferred tax	<u>-</u>	<u>(51,799)</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>12,501</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020	2019
	£	£
Loss on ordinary activities before tax	<u>(300,333)</u>	<u>(470,718)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(63,617)	(89,436)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,719	1,109
Capital allowances for year in excess of depreciation	22,456	(12,057)
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	(2,376)	16,974
Unrelieved tax losses carried forward	41,818	9,884
Total tax charge for the year	<u>-</u>	<u>12,501</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2020

10. Intangible assets

	Computer software £
Cost	
At 1 April 2019	76,757
Additions	37,494
	<hr/>
At 31 March 2020	114,251
	<hr/>
Amortisation	
Charge for the year on owned assets	9,570
	<hr/>
At 31 March 2020	9,570
	<hr/>
Net book value	
At 31 March 2020	<u>104,681</u>
<i>At 31 March 2019</i>	<u>76,757</u>

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2020

11. Tangible assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Office equipment £
Cost or valuation					
At 1 April 2019	1,340,265	878,250	15,124	82,281	37,390
Additions	-	19,264	-	7,200	-
At 31 March 2020	1,340,265	897,514	15,124	89,481	37,390
Depreciation					
At 1 April 2019	249,943	442,260	15,124	56,265	37,167
Charge for the year on owned assets	27,644	112,299	-	11,821	223
At 31 March 2020	277,587	554,559	15,124	68,086	37,390
Net book value					
At 31 March 2020	1,062,678	342,955	-	21,395	-
At 31 March 2019	1,090,322	435,990	-	26,016	223

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2020

11. Tangible assets (continued)

	Computer equipment £	Total £
Cost or valuation		
At 1 April 2019	170,192	2,523,502
Additions	3,119	29,583
	<hr/>	<hr/>
At 31 March 2020	173,311	2,553,085
	<hr/>	<hr/>
Depreciation		
At 1 April 2019	137,143	937,902
Charge for the year on owned assets	21,911	173,898
	<hr/>	<hr/>
At 31 March 2020	159,054	1,111,800
	<hr/>	<hr/>
Net book value		
At 31 March 2020	<u>14,257</u>	<u>1,441,285</u>
<i>At 31 March 2019</i>	<u>33,049</u>	<u>1,585,600</u>

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2020

12. Stocks

	2020	2019
	£	£
Work in progress (goods to be sold)	148,043	154,225
Finished goods and goods for resale	50,446	34,356
	<u>198,489</u>	<u>188,581</u>

13. Debtors

	2020	2019
	£	£
Trade debtors	1,925,159	1,728,427
Amounts owed by group undertakings	899,603	825,505
Other debtors	21,500	3,338
Prepayments and accrued income	460,581	354,203
	<u>3,306,843</u>	<u>2,911,473</u>

14. Cash at bank and in hand

	2020	2019
	£	£
Cash at bank and in hand	690,324	294,693
	<u>690,324</u>	<u>294,693</u>

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2020

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	254,357	171,408
Amounts owed to group undertakings	1,285,015	474,077
Corporation tax	64,300	-
Other taxation and social security	217,038	206,334
Other creditors	42,646	63,366
Accruals and deferred income	275,997	286,498
	<u>2,139,353</u>	<u>1,201,683</u>

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

	2020 £	2019 £
Other loans	2,692,039	2,655,608
	<u>2,692,039</u>	<u>2,655,608</u>

17. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due 2-5 years		
Other loans	2,692,039	2,655,608
	<u>2,692,039</u>	<u>2,655,608</u>
	<u>2,692,039</u>	<u>2,655,608</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% (2019: 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 2020

18. Deferred taxation

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	75,238	61,781
Tax losses carried forward	(75,238)	(61,781)
	<u>-</u>	<u>-</u>

19. Other provisions

	Warranty provision £	Other provision £	Total £
At 1 April 2019	19,250	37,500	56,750
Charged to profit or loss	20,010	-	20,010
Utilised in year	(9,260)	-	(9,260)
At 31 March 2020	<u>30,000</u>	<u>37,500</u>	<u>67,500</u>

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 2020 actual warranty claims totalled £9,260 (2019 - £50,225) of which £9,260 was drawn from the 31 March 2019 provision. The warranty provision for the 31 March 2020 is £64,491 (2019 - £19,250). 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 2020. The final settlement agreement was reached in May 2020 and an associated settlement payment of £37,500 has since been made.

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.

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2020

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 £88,770 (2019 - £79,692). At the year end contributions of £Nil (2019 - £11,486) were payable to the fund and are included within creditors.

22. Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	87,694	64,942
Later than 1 year and not later than 5 years	160,919	33,431
	<u>248,613</u>	<u>98,373</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.

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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