

BURCKHARDT COMPRESSION (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2014

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BURCKHARDT COMPRESSION (UK) LIMITED

COMPANY INFORMATION

DIRECTORS	Mr C Webb Mr R C Züst
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	PricewaterhouseCoopers LLP Exchange House Central Business Exchange Midsummer Boulevard Central Milton Keynes MK9 2DF
BANKERS	HSBC Bank plc 168 High Street Guildford Surrey GU1 3YU

BURCKHARDT COMPRESSION (UK) LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Strategic report	3
Independent auditors' report to the members of Burckhardt Compression (UK) Limited	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 19

BURCKHARDT COMPRESSION (UK) LIMITED

DIRECTORS' REPORT for the year ended 31 March 2014

The directors present their report and the financial statements for the year ended 31 March 2014.

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The core business of the company during the year was the promotion of sales of 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 the same and for other brands of reciprocating compressor. In addition, the company promoted the sales of, and supplied spare parts, workshop repairs, and maintenance services for centrifuges, refrigeration equipment and vacuum pumps on behalf of selected companies through representation agreements.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £28,783 (2013 - loss £35,338).

The company has not recommended a dividend.

DIRECTORS

The directors who served during the year were:

Mr C Webb
Mr R C Züst

BURCKHARDT COMPRESSION (UK) LIMITED

DIRECTORS' REPORT
for the year ended 31 March 2014

FUTURE DEVELOPMENTS

Since the Year End the Company is engaged in the usual round of objective and target setting consistent with the Company growth goals and forecasts. We have increased our field service team by 33% in order to cope with the already higher workload and that forecast for this year with the background understanding of prudent field resource management for occupational health reasons.


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

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

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


.....
Mr C Webb
Director
Date: 29/12/14

BURCKHARDT COMPRESSION (UK) LIMITED

STRATEGIC REPORT for the year ended 31 March 2014

The Company is continuing to follow the Group's reciprocating compressor aftermarket business strategy in securing more work on non-Burckhardt compressors and is recognised as being the leading Group subsidiary in this business area. However, this business is varied and often complex requiring a high level of customer interaction and attention to detail. As a result, the Company has had to grow in resources and experience in this competitive market so we have increased our aftermarket sales force in number and geographic spread. This is in order that more business can be won from competitors or to satisfy end-users that the Company can perform services competently and professionally on their behalf. We now believe that the Company's office support and sales structure is in place to secure a higher turnover of business going forward. Going forward we are confident of steady increased business becoming available to us in what is otherwise a mature market.

This year, however, it has meant a contribution to only reaching a small negative result rather than a profit. We have seen that gross margins are lower for this business than those enjoyed at Group level for Burckhardt compression aftermarket business. Other contributing factors to our result included a larger than usual warranty case and writing down of older stock items.

The potential uncertainties for the aftermarket business to grow are as follows:-

- end-users close their process plants where we service compressors,
- end-users replace them with different machinery,
- end-users decide to reinvest in maintenance teams and choose not to outsource,
- supply-chain delays or deficiencies affect our ability to provide a full-service offer
- limit of trained and experienced technicians available to join the Company as and when required


During the reported financial year the Company experienced a significant upturn in the orders of new compressor systems through this territory. Most notably within the Transport and Storage industry sector a large number of LPG compressors were purchased by a key customer in the UK which will translate into a higher level of commission payments in subsequent years. Also an important land-based order for two fully-packaged compressors was also received for a large UK refinery, due for delivery in 2015. Commissions received for LPG compressors delivered within this year were healthy. Going forward there is every indication that for next year orders for new compressor systems and LPG compressors will be similar to this year just reported.

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

- new construction projects on land 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 continues to out-perform that desired by the Group under the Mid-Range Plan by a good margin. The targets set for the next year should enable the Company to turn in a profitable result.

This report was approved by the board on 29/12/14


.....
Mr C Webb
Director

BURCKHARDT COMPRESSION (UK) LIMITED

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Burckhardt Compression (UK) Limited, comprise:

- the Balance Sheet as at 31 March 2014;
- the Profit and Loss Account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

BURCKHARDT COMPRESSION (UK) LIMITED

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Jonathan Gilpin (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes

Date: 29/12/14

BURCKHARDT COMPRESSION (UK) LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2014

	Note	2014 £	2013 £
TURNOVER	1,2	3,662,907	4,696,734
Cost of sales		<u>(2,806,753)</u>	<u>(3,844,226)</u>
GROSS PROFIT		856,154	852,508
Administrative expenses		(874,418)	(895,948)
Other operating income	3	-	65,346
Other operating charges		<u>(2,176)</u>	<u>-</u>
OPERATING (LOSS)/PROFIT	4	(20,440)	21,906
Interest receivable and similar income		953	1,248
Interest payable and similar charges	8	<u>(34,948)</u>	<u>(40,500)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(54,435)	(17,346)
Tax on loss on ordinary activities	9	<u>25,652</u>	<u>(17,992)</u>
LOSS FOR THE FINANCIAL YEAR	19	<u>(28,783)</u>	<u>(35,338)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 8 to 19 form part of these financial statements.


BURCKHARDT COMPRESSION (UK) LIMITED
Registered number: 3966507

BALANCE SHEET
as at 31 March 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	10		1,149,712		1,167,210
CURRENT ASSETS					
Stocks	11	348,394		309,066	
Debtors	12	1,300,931		1,069,543	
Cash at bank and in hand		597,283		342,017	
		<u>2,246,608</u>		<u>1,720,626</u>	
CREDITORS: amounts falling due within one year	13	<u>(1,679,852)</u>		<u>(1,142,585)</u>	
NET CURRENT ASSETS			<u>566,756</u>		<u>578,041</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,716,468</u>		<u>1,745,251</u>
CREDITORS: amounts falling due after more than one year	14		<u>(1,500,000)</u>		<u>(1,500,000)</u>
PROVISIONS FOR LIABILITIES					
Other provisions	16		<u>(30,000)</u>		<u>(30,000)</u>
NET ASSETS			<u>186,468</u>		<u>215,251</u>
CAPITAL AND RESERVES					
Called up share capital	18		250,000		250,000
Profit and loss account	19		<u>(63,532)</u>		<u>(34,749)</u>
TOTAL SHAREHOLDERS' FUNDS	20		<u>186,468</u>		<u>215,251</u>

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

29/12/14


.....
Mr E Webb
Director

The notes on pages 8 to 19 form part of these financial statements.

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2014

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

1.2 GOING CONCERN

The company continues to make losses and their profit and loss reserve is now in deficit. The directors are forecasting a return to profitability and the parent company has confirmed its willingness and ability to support this company for the foreseeable future. On this basis the financial statements have been prepared as a going concern.

1.3 CASH FLOW

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 TURNOVER

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

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

1.6 OPERATING LEASES

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

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

1.7 STOCKS AND WORK IN PROGRESS

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

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2014

1. ACCOUNTING POLICIES (continued)

1.8 DEFERRED TAXATION

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

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

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

Deferred tax assets and liabilities are not discounted.

1.9 FOREIGN CURRENCIES

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

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

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

1.10 PENSIONS

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

1.11 SHARE BASED PAYMENTS

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

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

2. TURNOVER

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

A geographical analysis of turnover is as follows:

	2014 £	2013 £
United Kingdom	3,121,044	4,105,184
Rest of Europe	529,575	591,550
Rest of world	12,288	-
	<u>3,662,907</u>	<u>4,696,734</u>

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

3. OTHER OPERATING INCOME

	2014	2013
	£	£
Other operating income	-	65,346

4. OPERATING (LOSS)/PROFIT

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

	2014	2013
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	78,573	70,686
Difference on foreign exchange	(26,059)	(30,534)
Operating lease rentals - other operating leases	77,031	76,068

5. AUDITORS' REMUNERATION

	2014	2013
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	17,800	11,483
Fees payable to the company's auditor and its associates in respect of:		
All taxation advisory services not included above	-	2,724
All other non-audit services not included above	-	41,567

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

6. STAFF COSTS

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

	2014 £	2013 £
Wages and salaries	1,126,051	1,019,671
Social security costs	153,509	121,139
Other pension costs	61,186	52,554
	<u>1,340,746</u>	<u>1,193,364</u>

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

	2014 No.	2013 No.
Administrative	3	3
Marketing, technical and sales	19	18
	<u>22</u>	<u>21</u>

7. DIRECTORS' REMUNERATION

	2014 £	2013 £
Remuneration	<u>180,877</u>	<u>124,608</u>
Company pension contributions to defined contribution pension schemes	<u>6,690</u>	<u>6,373</u>

During the year retirement benefits were accruing to 1 director (2013 - 1) in respect of defined contribution pension schemes.

In June 2013 216 share options were exercised at a closing price of CHF 374.

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £	2013 £
On loans from group undertakings	30,000	40,500
Other interest payable	4,948	-
	<u>34,948</u>	<u>40,500</u>

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

9. TAXATION

	2014 £	2013 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
DEFERRED TAX (see note 15)		
Origination and reversal of timing differences	(25,652)	17,992
TAX ON LOSS ON ORDINARY ACTIVITIES	<u>(25,652)</u>	<u>17,992</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2013 - *lower than*) the standard rate of corporation tax in the UK of 20% (2013 - 20%). The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before taxation	(54,435)	(17,346)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2013 - 20%)	(10,887)	(3,469)
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	873	811
Capital allowances for year in excess of depreciation	(19)	2,349
Changes in provisions leading to an increase (decrease) in the tax charge	(8,428)	(7,210)
Unrelieved tax losses carried forward	18,461	7,519
CURRENT TAX CHARGE FOR THE YEAR (see note above)	<u>-</u>	<u>-</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

The company has trading losses carried forward of £615,141 (2012: £522,836) which can be relieved against future trading profits. The company is forecasting a return to profitability in the near future so a deferred tax asset has been included in these financial statements.

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

10. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £
COST				
At 1 April 2013	1,169,343	254,815	15,124	33,662
Additions	-	53,899	-	-
At 31 March 2014	1,169,343	308,714	15,124	33,662
DEPRECIATION				
At 1 April 2013	95,298	194,079	-	27,852
Charge for the year	23,691	38,702	3,781	5,250
At 31 March 2014	118,989	232,781	3,781	33,102
NET BOOK VALUE				
At 31 March 2014	1,050,354	75,933	11,343	560
At 31 March 2013	1,074,045	60,736	15,124	5,810
		Office equipment £	Computer equipment £	Total £
COST				
At 1 April 2013		30,588	76,278	1,579,810
Additions		606	6,570	61,075
At 31 March 2014		31,194	82,848	1,640,885
DEPRECIATION				
At 1 April 2013		29,549	65,822	412,600
Charge for the year		694	6,455	78,573
At 31 March 2014		30,243	72,277	491,173
NET BOOK VALUE				
At 31 March 2014		951	10,571	1,149,712
At 31 March 2013		1,039	10,456	1,167,210

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

11. STOCKS

	2014 £	2013 £
Work in progress	180,870	121,148
Stock	167,524	187,918
	<u>348,394</u>	<u>309,066</u>

12. DEBTORS

	2014 £	2013 £
Trade debtors	860,474	929,723
Amounts owed by group undertakings	200,819	-
Other debtors	8,599	17,517
Prepayments and accrued income	135,708	52,624
Deferred tax asset (see note 15)	95,331	69,679
	<u>1,300,931</u>	<u>1,069,543</u>

The amounts owed by group undertakings are on an interest free basis and are repayable on demand.

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

	2014 £	2013 £
Trade creditors	111,860	127,060
Amounts owed to group undertakings	1,178,341	629,902
Other taxation and social security (see below)	194,340	145,341
Other creditors	22,311	25,259
Accruals and deferred income	173,000	215,023
	<u>1,679,852</u>	<u>1,142,585</u>

OTHER TAXATION AND SOCIAL SECURITY

	2014 £	2013 £
PAYE/NI control	56,934	45,029
VAT control	137,406	100,312
	<u>194,340</u>	<u>145,341</u>

The amounts owed to group undertakings are on an interest free basis and are repayable on demand.

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

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

	2014	2013
	£	£
Loan owed to Parent company	1,500,000	1,500,000

Included within the above are amounts falling due as follows:

	2014	2013
	£	£
BETWEEN TWO AND FIVE YEARS		
Loan owed to Parent company	1,500,000	1,500,000

15. DEFERRED TAX ASSET

	2014	2013
	£	£
At beginning of year	69,679	87,671
Released during/(charged for) year (profit and loss account)	25,652	(17,992)
At end of year	95,331	69,679

The deferred tax asset is made up as follows:

	2014	2013
	£	£
Accelerated capital allowances	(33,848)	(30,473)
Tax losses carried forward	129,179	100,152
	95,331	69,679

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

16. OTHER PROVISIONS

	Warranty Provision £
At 1 April 2013	30,000
Additions	46,500
Amounts used	(46,500)
At 31 March 2014	30,000

WARRANTY PROVISION

The company provides a 12 month warranty on spare parts, repairs, valve service and field service overhauls as part of its offer to customers. During the financial year ended 31 March 2014 actual warranty claims totalled £72,200 (2013 - £12,827) which was drawn from the 31 March 2013 provision. The warranty provision for the 31 March 2014 is £30,000 (2013 - £30,000).

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2014

17. SHARE BASED PAYMENTS

The ultimate parent company entered into a new long term share award scheme on the 1 April 2013 which entitles senior management to a long term bonus based upon a set percentage allocated to each individual key member of staff and the estimated profit (after minorities) of the Burckhardt Compression AG Group. No shares options were granted or exercised during the year.

The expenses arising from the share option plans were £8,400. The closing balance of the liability for the share option scheme is £8,400.

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

Details of that scheme are as follows:

Type of arrangement:	Senior management share option scheme
Date granted	1 April 2008
Total number of share options granted as at 31 March 2013	122
Granted during the year	94
Exercised during the year	216
Total number of share options granted as at 31 March 2014	-
Contractual life	5 years
Vesting conditions	Minimum of 3 years service and achievement of a Group operating margin of at least 7.5%. If this minimum margin is not met but the Group EBIT margin is equal to or higher than one of the members of the Peers and Competitors Group, the full annual entitlement of the bonus will be available.

The estimated fair value of each share option granted is CHF 100 (£61.27). The number of shares granted was calculated by using a best estimate of the Group Profits as the Ultimate Parent Company results are only published in June.

The expenses arising from the share option plans were £16,056 (£29,411). The closing balance of the liability for the share option scheme is £Nil (2013 :£38,161).

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

18. CALLED UP SHARE CAPITAL

	2014 £	2013 £
ALLOTTED, CALLED UP AND FULLY PAID		
250,000 (2013 : 250,000) Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

19. RESERVES

	Profit and loss account £
At 1 April 2013	(34,749)
Loss for the financial year	(28,783)
At 31 March 2014	<u>(63,532)</u>

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Opening shareholders' funds	215,251	250,589
Loss for the financial year	(28,783)	(35,338)
Closing shareholders' funds	<u>186,468</u>	<u>215,251</u>

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 £61,186 (2013 - £52,554). At the year end contributions of £4,120 were payable to the fund and are included within creditors.

22. OPERATING LEASE COMMITMENTS

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
EXPIRY DATE:		
Within 1 year	14,171	8,997
Between 1 and 5 years	<u>62,054</u>	<u>66,226</u>

BURCKHARDT COMPRESSION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

23. DIRECTORS' BENEFITS: ADVANCES, CREDIT AND GUARANTEES

During the year a director received a loan from the company of £25,807, which was repaid in full before the year end. No interest was charged or accrued on this amount.

24. RELATED PARTY TRANSACTIONS

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

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company and controlling party 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.