

Bruker UK Limited

Strategic Report, Directors' Report and Financial Statements

31 December 2021



Registered No. 923986

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Company information

Directors

M C Holmes

K Brown (resigned 31/03/22)

J Faessler

Independent auditors

PricewaterhouseCoopers LLP

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Birmingham

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Bankers

Deutsche Bank AG London

6 Bishopsgate

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Solicitors

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Registered Office

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Longwood Close

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CV4 8HZ

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Strategic Report

The directors present their Strategic Report, Directors' Report and Financial Statements for the year ended 31 December 2021.

Review of the business

The principal activity of the company is the distribution of scientific instruments and the manufacture of metrology equipment with a majority of customers purchasing their scientific instruments by obtaining funding from external grants or bursaries.

The company's key financial and other performance indicators during the year were as follows:

	2021 £000	2020 £000	Change %
Turnover	75,349	48,081	57%
Operating profit / (loss)	7,308	(1,965)	N/A
Operating profit before exceptional items	7,308	833	777%
(Loss) / profit for the financial year	5,718	(2,198)	N/A
Total equity	6,645	926	618%
Current assets as a % of current liabilities	120%	104%	16%
Average number of employees	154	156	0%

Turnover increased by 57% during the year, primarily due to the increase in revenue of the BioSpin group of £14.9M, £33.3M in 2021 compared to £18.4M in 2020. NANO group also increased revenue £8.5M, CALID group revenue was £4M higher compared to 2020.

Operating profit has increased by 777% due to the large increase in turnover offset by an increase in general administration costs. This administration cost increase is due to higher transfer price adjustment costs from Inter-company due to the increase in revenue.

The company has made a profit for the financial year due to the increase in revenue of 57% as detailed above, during the 2020 financial year there was an exceptional impairment charge of the goodwill associated with the acquisition of the trade and assets of Bruker JV UK Ltd amounting to £2,797,821 (nil in 2021).

Principal and financial risks and uncertainties

The management of the business is subject to a number of risks including competitive risk, price risk, credit risk and currency risk. The mitigation of these risks has been outlined below.

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Strategic Report (continued)

Principal and financial risks and uncertainties (continued)

Competitive risk

The markets for our products and service are very competitive and price sensitive. Our competitors have significant financial, operational, sales and marketing resources as well as experience in research and development. Our competitors could develop new technologies that better compete with our products and services or even render our products and services obsolete. If a competitor develops superior technology or cost-effective alternatives to our products and services, our business could be seriously harmed. Therefore, Bruker, as a global entity, does invest a significant amount on research and development so that we can keep developing new technologies.

The markets for some of our products are subject to specific competitive risk. These markets are highly price competitive. Our competitors have competed in the past by lowering prices on certain products. If they do so again, we may be forced to lower our prices and thereby reducing our net profit. Failure to anticipate and respond to price competition may hurt our competitive position. Therefore, we do monitor market dynamics to ensure we can anticipate any changes to the market's mood.

The vast proportion of our client base consists of public bodies and the public sector. Any severe public sector moratorium, or public sector spending cut would be detrimental to our revenue figures and profits as would the availability of these bodies for the purchase of our equipment. Therefore, we focus on customers and use feedback mechanisms thereby ensuring consumer's needs are satisfied.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effect of changes in price risk, credit risk and currency risk.

In order to ensure the stability of cash flows, the company is supported by, and supports, fellow group operations. The company does not use derivative financial instruments to manage costs and no hedge accounting is applied. Also, the company did not use forward exchange contracts relating to foreign currency transactions as the company purchases the majority of goods from fellow group companies. All sales and purchases are carried in the currency agreed in each order, though this is predominately in GBP, so exchange risk is with and held by the other group companies. Therefore, little foreign currency risk is incurred by the company.

Our financial risk management objectives are to ensure sufficient working capital for the company. This is achieved by careful management of our cash balances to ensure that the company continues to be able to meet its liabilities as they fall due.

There is no other exposure of the company relating to price result, credit risk, liquidity risk, and cash flow risk which is material for the assessment of the assets, liabilities, financial position and profit for the company.

Impact of COVID-19

The company has continued to operate throughout the COVID-19 pandemic and successfully implemented its business continuity plan related to the key areas of impact for the activities and staff. The position on COVID-19 continues to be monitored closely and Bruker Corporation Inc., have provided regular updates to the market.

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Strategic Report (continued)

Promoting the success of the company and section 172(1) statement of the Companies Act 2006 (section 172)

The directors' overarching duty is to promote the success of the company for the benefit of its shareholders, with consideration of stakeholders' interests, as set out in section 172. The board regards a well governed business as essential for the successful delivery of its principal activity.

The directors are aware of their duty under section 172 to act in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the company's employees;
- c) the need to foster the company's business relationships with suppliers, customers and others;
- d) the impact of the company's operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct;
- and
- f) the need to act fairly as between members of the company.

The company is the primary UK subsidiary of Bruker Corporation Inc., a company quoted on the NASDAQ Stock Market in the US. The Bruker Corporation is a global manufacturer of high-end analytical instruments used within the academic and government, pharmaceutical/biotechnology, clinical diagnostic and industrial markets.

The group has four operating segments being Bruker BioSpin Group, Bruker CALID Group, Bruker Scientific Instruments Nano Segment and Bruker Energy & Supercon Technologies. The company operates in the first three of these segments. The board of Bruker Corporation Inc. manages the group's operations on a global and divisional basis. From the perspective of the board, as a result of the group governance structure, the matters that it is responsible for considering under section 172 have largely been considered to an appropriate extent by the group board in relation both to the group and to this entity. The board has also considered relevant matters where appropriate.

To the extent necessary for an understanding of the development, performance and position of the entity, the company's directors believe that the requirements of section 172 (1) (a) – (f) are discussed in detail in the Bruker Corporation Inc.'s 2021 Annual Report known, otherwise known as the Form 10-K filing on pages 3 to 36 which does not form part of this report.

This report was approved by the board on 15th March 2023 and signed on its behalf by:



M C Holmes

Director

Date: 15th March 2023

Registered No. 923986

Directors' Report

The directors present their report and audited financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company is the distribution of scientific instruments and the manufacture of metrology equipment. The company is organised into three businesses areas comprised of Bruker Biospin Group (BBIO), Bruker Calid (CALID) and Bruker Nano Group (NANO). Through these business groups Bruker distributes custom scientific instruments and metrology equipment to Academia, Public sector and Private businesses, providing knowledgeable people who partner customers to achieve their goals by providing and maintaining their scientific instrumentation.

Future developments

The principal activities of the company are expected to continue for the foreseeable future.

Results and dividends

The profit for the financial year amounted to £5,718,424 (2020 – loss of £2,197,503). No dividend was paid out during 2021 and following this, and the directors do not recommend a final dividend (2020 – £nil).

Subsequent events

Subsequent to year end, the Company has decided to sell the owned business premise at Banner Lane, Coventry to a national house builder. The transaction is expected to be completed by the end of March 2023.

Going concern

The company meets its day-to-day working capital requirements through its cash reserves. The current economic conditions continue to create uncertainty, particularly over the level of demand for the company's products. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves.

Research and development

Based in our Glasgow and Durham offices, the company is still able, and will continue, to maintain a research and development programme in the United Kingdom to identify and bring new microbiology consumable products to the marketplace. See note 6 for details of the research and development expenditure.

Financial risk management

Disclosures relating to this area are included in the Strategic Report.

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Directors' Report (continued)

Stakeholder engagement

Employees

From the perspective of the board, as a result of the group governance structure, the group board has taken the lead in carrying out the duties of a board in respect of the company's employees, including engaging with them, having regard to their interests and the effect of that regard (including on the principal decisions taken by the company during the financial year). The board of the company has also considered relevant matters where appropriate.

An explanation of how the group board has carried out these responsibilities (for the group and for the entity) is set out in Bruker Corporation Inc.'s 2021 Annual Report, which does not form part of this report.

Other stakeholders

Similarly, from the perspective of the board, as a result of the group governance structure, the group board has taken the lead in carrying out the duties of a board in respect of the company's other stakeholders. The board of the company has also considered relevant matters where appropriate. An explanation of how the directors on the group board have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year, is set out (for the group and for the entity) in Bruker Corporations Inc.'s 2021 Annual Report, which does not form part of this report.

The company engages with stakeholder groups (customers, suppliers and partners, shareholders and investors, employees and society) in a variety of formal and informal settings. These range from meetings with local, regional, national and international groups to ongoing dialogues with our customers and consumers.

The board believes in the importance of conducting business responsibly. That means behaving ethically, respecting people and respecting the environment.

The company aims to maintain high standard of business conduct and stakeholder engagement and to ensure a positive impact on the community and environment in which it operates.

Directors

The directors who served the company during the year and up to the date of signing the financial statements unless otherwise stated were:

M C Holmes

J Faessler

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Directors' Report (continued)

Streamlined Energy and Carbon Reporting ("SECR")

The SECR disclosure presents the company's carbon footprint within the United Kingdom across scope 1, 2 and [to some extent] scope 3 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial year.

Streamlined Energy and Carbon Reporting	Consumption		Emissions	
	kWh		tCO ₂ e	
	2021	2020	2021	2020
Scope 1 direct emissions from combustion of gas and transport purposes	1,282,331	447,715	279.5	280
Scope 2 indirect emissions from purchased electricity	1,015,772	777,886	221.4	229
Scope 3 other indirect emissions from business travel	11,470	1,877	2.5	1
Total energy consumption used to calculate emissions / total gross emissions	2,309,573	2,212,156	503.4	510
	2021	2020		
Intensity ratio: tco₂e / Sales revenue in £m	6.72	10.62		

Methodology

An external specialist service adviser was appointed to quantify the Greenhouse Gas (GHG) emissions associated with the company's operations.

The UK Government's Condensed Greenhouse Gas conversion factors for 2021 have been applied to calculate the carbon emissions to the following reporting standards:

- The Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard (WBCSD & WRI, 2004).
- The Greenhouse Gas Protocol – Scope 2 guidance, amendment to the GHG Protocol Corporate Standard (WBCSD & WRI, 2015). Application of location-based and market-based emission factors for electricity supplies.
- The Greenhouse Gas Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard (WBCSD & WRI, 2011).
- Where data was missing, values were estimated using an extrapolation of available data.

An operational control approach has been used to define the company's organisational boundary. This is the basis for determining Scope 1 and Scope 2 emissions for which the company is responsible.

The SECR disclosure has been prepared in line with the financial year ended 31 December 2021 and reporting on all sources of environmental impact in the UK over which the company has financial and/or operational control. The reporting method used is in line with the HM Government Environmental Reporting Guidelines issued in March 2019 and the company has also used the Greenhouse Gas Reporting Protocol – Corporate Standard. The emissions factor source is the 2020 UK Government's Conversion Factors for Company Reporting.

Energy efficiency action plan

The principal measures taken for the purpose of increasing the company's energy efficiency in the year ended 31 December 2021 included reduction in business travel including flights, lease EV and hybrid cars for company car drivers.

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Directors' Report (continued)

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

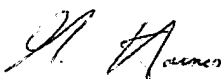
The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

On behalf of the Board:



M C Holmes

Director

Date: 15th March 2023

Registered No. 923986

Independent auditors' report to the members of Bruker UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Bruker UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of financial position as at 31 December 2021; Profit and loss account and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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 Bruker UK Limited (continued)

Report on the audit of the financial statements (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 Bruker UK Limited (continued)

Report on the audit of the financial statements (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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety legislation, employment legislation and UK taxation legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act, 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of non-standard journals to the Profit and loss account or manipulating accounting estimates which could be subject to management bias. Audit procedures performed by the engagement team included:

- enquiries of management;
- review legal expense accounts and board minutes;
- obtained an understanding of the control environment in monitoring compliance with laws and regulations;
- auditing the risk of management override of controls, including testing non-standard journal entries and unpredictable procedures around cash payments; and
- testing of accounting estimates which could be subject to management-bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Independent auditors' report to the members of Bruker UK Limited (continued)

Report on the audit of the financial statements (continued)


Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Sarah O'Donnell (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
15th March 2023

Profit and loss account

For the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	5	75,349,486	48,080,504
Cost of sales		<u>(35,567,221)</u>	<u>(23,439,491)</u>
Gross profit		39,782,265	24,641,013
Administrative expenses (including exceptional impairment of goodwill nil (2020: £2,797,821))		<u>(32,474,013)</u>	<u>(26,680,573)</u>
Other operating income		-	74,804
Operating profit / (loss)	6	7,308,252	(1,964,756)
Interest receivable and similar income	9	9,699	65,577
Interest payable and similar expenses	9	<u>(123,909)</u>	<u>(140,201)</u>
Profit / (loss) before taxation		7,194,042	(2,039,380)
Tax on profit / (loss)	10	<u>(1,475,618)</u>	<u>(158,123)</u>
Profit / (loss) for the financial year and total comprehensive income / (expense)		<u>5,718,424</u>	<u>(2,197,503)</u>

The company has no other comprehensive (expense) / income for the financial years other than those included above. Accordingly, no separate statement of comprehensive (expense) / income is presented.

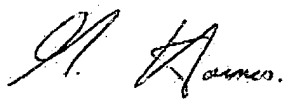
The notes on pages 17 to 28 form an integral part of these financial statements

Statement of financial position

As at 31 December 2021

	Notes	2021 £	2020 £
Fixed assets			
Property, plant and equipment	11	1,496,941	1,462,922
Investments	12	1,324,185	1,324,185
		<u>2,821,126</u>	<u>2,787,107</u>
Current assets			
Inventories	13	3,276,248	4,613,585
Debtors	14	23,718,239	13,951,506
Cash at bank and in hand		<u>10,302,051</u>	<u>13,866,494</u>
		37,296,538	32,431,585
Creditors: amounts falling due within one year	15	<u>(31,192,067)</u>	<u>(31,287,133)</u>
Net current assets		6,104,471	1,144,452
Total assets less current liabilities		8,925,597	3,931,559
Creditors: amounts falling due after more than one year	15	(1,995,190)	(2,781,148)
Provisions for liabilities	16	<u>(285,660)</u>	<u>(224,088)</u>
Net assets		<u>6,644,747</u>	<u>926,323</u>
Capital and reserves			
Called up share capital	17	1,000,000	1,000,000
Retained earnings		<u>5,644,747</u>	<u>(73,677)</u>
Total equity		<u>6,644,747</u>	<u>926,323</u>

The financial statements on pages 14 to 28 of Bruker UK Limited were authorised for issue by the board and signed on their behalf by:



MC Holmes

Director

Date: 15th March 2023

Registered No. 923986

The notes on pages 17 to 28 form an integral part of these financial statements

Statement of changes in equity

For the year ended 31 December 2021

	<i>Called up share capital</i> £	<i>Retained earnings</i> £	<i>Total equity</i> £
At 1 January 2020	1,000,000	2,123,826	3,123,826
Loss for the financial year and total comprehensive expense	-	(2,197,503)	(2,197,503)
At 31 December 2020	1,000,000	(73,677)	926,323
Profit for the financial year and total comprehensive expense	-	5,718,424	5,718,424
At 31 December 2021	1,000,000	5,644,747	6,644,747

The notes on pages 17 to 28 form an integral part of these financial statements

Notes to the financial statements

For the year ended 31 December 2021

1. General Information

The company is a private company limited by shares and is incorporated in England, the United Kingdom. The address of its registered office is Welland House, Longwood Close, Westwood Business Park, Coventry CV4 8HZ.

The principal activity of the company is the manufacture and distribution of scientific instruments and metrology equipment.

2. Compliance with Accounting Standards

The financial statements of Bruker UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ('FRS 102') and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The financial statements are prepared under the historical cost convention. The presentation currency is £ sterling.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures;
- from disclosing share-based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments, as the company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein; and
- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Tangible assets

Tangible assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold buildings	–	5%	per annum
Plant and equipment and leasehold improvements	–	10 - 50%	per annum
Motor vehicles	–	25%	per annum
Computer equipment	–	33%	per annum

Notes to the financial statements

For the year ended 31 December 2021

3 Accounting policies (continued)

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in profit and loss account.

Intangible assets and amortisation

Assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided to write off the cost less the estimated residual value of intangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Technology intellectual property	–	20% per annum
Goodwill	-	10% per annum

A 5-year life has been selected for intellectual property, even though the legal rights extend beyond this, as management believe this reflects the commercial life of the products to which they relate.

When assets are acquired, they are disaggregated into their separately identifiable components parts and the fair value of each separately identifiable component part is assessed and accounted for separately.

Goodwill is amortised over a 10-year period and is covered in more detail below.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, VAT and other sales taxes or duty. The company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities, as described below.

Sales of goods – revenue from the sales of goods is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer, usually on delivery or on signed customer acceptance.

Service income – revenue from service contracts is recognised over the period of the service contract in accordance with work done.

Any amounts relating to future periods is held in deferred income in the statement of financial position and released to the statement of comprehensive income over the term of the agreement

Inventories

Inventories are valued at the lower of cost and estimated selling price less costs to sell. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture.

Provision is made for obsolete and slow-moving items. Demonstration stock is held for resale and is amortised over its useful life.

Cost for any Bruker JV UK Ltd inventory was calculated using the first-in first-out method and included the normal cost of transporting stock to its present location and condition. Cost included material and direct labour costs together with an appropriate proportion of production overheads.

Notes to the financial statements

For the year ended 31 December 2021

3 Accounting policies (continued)

Foreign currencies

The company's functional and presentation currency is the pound sterling. Transactions in foreign currencies are recorded at the spot rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities are not retranslated.

All exchange differences are taken to the profit and loss account.

Operating leases

The does not have any Finance leases all leases are classified as operating leases. Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Cash & cash equivalent

Cash and cash equivalents include any cash in hand and deposits held at call with banks.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

I. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

II. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statement. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing difference at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that they are expected to apply to the reversal of the timing difference.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle an obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the financial statements

For the year ended 31 December 2021

3 Accounting policies (continued)

Contingencies

Contingent liabilities are recognised as a provision when the likelihood of economic outflow is assessed as probable. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are not recognised as a provision but are instead disclosed in the financial statements when the likelihood of economic settlement is deemed possible and not probable. Contingent liabilities are not recognised as a disclosure when the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. The company is exempt from related party transactions disclosure with its parent or with members of the same group that are wholly owned.

Employee benefits

The company provides a range of benefits to employees, including quarterly or annual bonus arrangements, paid holiday arrangements and contribution pension plans.

I. Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received

II. Defined pension contribution plans

The company operates a defined contribution scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

III. Annual bonus plan

The company operates a number of annual plans for some employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of obligation can be made

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred.

Warranty Costs

Where there is an obligation, the company makes a provision for warranty costs on goods sold. An average warranty cost is calculated for each product type based on the history of warranty costs within the group. This cost is held in the statement of financial position and released over the life of the warranty.

Administrative expenses

Administrative expenses are recognised in the profit and loss account as incurred and in the period to which they relate. Included within administrative expenses is an adjustment to the price of products purchased from group companies after all costs (transfer pricing charge) of £17,017,728 (2020: £10,191,572). Transfer pricing adjustments are calculated based on the group's transfer pricing policy, under which the company targets for its operating profit margin to fall within a benchmarked range.

Notes to the financial statements

For the year ended 31 December 2021

3 Accounting policies (continued)

Government grants

Government grants (including the Coronavirus Job Retention Scheme) are recognised in the profit and loss account, as other operating income, on a systematic basis over the periods in which the company recognises expenses for the related costs for which the grants are intended to compensate.

Investments in subsidiary undertakings

Investments are held as fixed assets and stated at cost less accumulated impairment losses.

Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are calculated such that the carrying value of the fixed asset investment is the lower of its cost or recoverable amount. Recoverable amount is the higher of its net realisable value and its value in use.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Carrying value of intangible assets and investments (estimate and judgment)

The directors are required to consider whether the carrying value of intangible assets (including goodwill) and investments are impaired. Where an indication of impairment is identified the estimation of recoverable amount requires estimation of the recoverable value of the cash generating units. This requires estimation of the future cash flows from the cash generating units and selection of appropriate discount rates in order to calculate the net present value of the cash flows.

Determining the useful economic lives of intangible assets and fixed assets

The annual depreciation charge for tangible assets or amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition in the case of tangible assets.

Inventory provision

The inventory provision is an estimate that is regularly reviewed to ensure that it is appropriate to reduce the value of stocks to the lower of cost and net realisable value with provisions made on an appropriate ageing basis. See note 13 for further detail.

Notes to the financial statements

For the year ended 31 December 2021

5 Turnover

Turnover represents goods sold and services provided, net of value added tax, in respect of contracts accepted by customers. Amounts invoiced on account of contracts that are not accepted are included in deferred income. The company operates primarily within three geographical markets: The United Kingdom, Europe and Rest of the World.

Turnover is analysed as follows:

	2021	2020
	£	£
Sale of Goods	59,171,726	33,862,163
Rendering of Services	16,177,760	14,218,341
	<u>75,349,486</u>	<u>48,080,504</u>

An analysis of turnover by geographical market is given below:

	2021	2020
	£	£
United Kingdom	66,015,744	39,090,095
Europe	1,504,392	4,702,310
Rest of the World	7,829,350	4,288,099
	<u>75,349,486</u>	<u>48,080,504</u>

6 Operating profit / (loss)

Operating profit / (loss) is stated after charging / crediting):

	2021	2020
	£	£
Audit fees payable to the company's auditors	95,000	120,000
Other services payable to the company's auditors – taxation	15,000	16,160
Amortisation of intangible assets	-	329,156
Exceptional impairment of goodwill	-	2,797,821
Depreciation of property, plant and equipment (note 11)	160,752	166,770
Operating lease rentals – plant and machinery	875,640	726,100
Research and development expenditure	1,452,025	1,232,306
Inventory recognised as an expense	34,441,682	22,584,155
Impairment of trade debtors	129,789	14,809
Net (gain) / loss on foreign currency translation	(79,669)	15,671
Other operating income – Coronavirus Job Retention Scheme	-	(74,804)

Notes to the financial statements

For the year ended 31 December 2021

7 Directors' remuneration

	2021	2020
	£	£
Remuneration	113,677	117,179
Company contributions paid to money purchase pension schemes	11,323	11,170
	No.	No.
Members of defined contribution pension schemes	1	1
Number of directors who exercised share options	-	-

Only one of the directors received remuneration from the company during the year; the other director is remunerated by Bruker Corporation Inc, the directors consider that the level of their services as directors of this company as a part of their wider group management roles and therefore no amount is allocated for their services as directors of the company nor is any amount charged or rechargeable for the services of these directors to the company.

8 Staff costs

	2021	2020
	£	£
Wages and salaries	9,043,225	7,787,649
Social security costs	1,129,181	981,417
Other pension costs (note 18)	1,292,732	1,122,592
	11,465,138	9,891,658

The average monthly number of employees during the year was made up as follows:

	2021	2020
	No.	No.
Directors	2	3
Administration, manufacturing, service and selling	152	153
	154	156

9 Net interest payable

	2021	2020
	£	£
Interest payable to group undertakings	123,909	140,201
Bank interest receivable	(9,699)	(65,577)
Net interest payable	114,210	74,624

Notes to the financial statements

for the year ended 31 December 2021

10 Tax on profit / (loss)

a. Tax on profit / (loss)

The tax on profit / (loss) is made up as follows:

	2021 £	2020 £
Current tax:		
UK corporation tax on the profit / (loss) for the financial year	1,353,051	130,954
Adjustments in respect of prior years	122,567	31,967
Total current tax	1,475,618	162,921
Deferred tax:		
Origination and reversal of timing differences	-	(4,798)
Total deferred tax (note 10(c))	-	(4,798)
 Tax on (loss) / profit	 1,475,618	 158,123

b. Factors affecting the tax profit / (loss) for the year

The tax assessed for the year differs from (2020: differs from) the standard rate of corporation tax in the UK of 19% (2020 – 19%). The differences are explained below:

	2021 £	2020 £
Profit / (loss) before taxation	7,194,042	(2,039,380)
Profit / (loss) before taxation multiplied by standard rate of corporation tax in the UK of 19% (2020 – 19%)	1,366,868	(387,482)
Effects of:		
Fixed asset differences	21,137	26,685
Research and development reclaim	(49,824)	(55,647)
Expense not deductible for tax purposes	14,870	542,600
Adjustments in respect of prior years	122,567	31,967
Tax on Profit / loss	1,475,618	158,123

Notes to the financial statements

For the year ended 31 December 2021

10. Tax on profit / loss (continued)

c. Deferred tax

The deferred tax included in the balance sheet is as follows:

	2021	2020
	£	£
Accelerated capital allowances	-	(4,798)
Deferred tax asset / (liability)	-	(4,798)

Movement in the year:	£
At 1 January 2021	(642)
Deferred tax credited in profit and loss account (note 10(a))	642
At 31 December 2021	-

d. Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted until after the balance sheet date, its effects are not included in these financial statements. However, the overall effect of the change, had it been substantively enacted by the balance sheet date, is immaterial.

11 Property, plant and equipment

	Freehold land and buildings	Plant and equipment and leasehold improvements	Motor vehicles	Computer equipment	Total
	£	£	£	£	£
<i>Cost:</i>					
At 1 January 2021	4,018,141	1,626,923	33,245	718,107	6,396,416
Additions	-	190,543	-	4,228	194,771
Disposals	-	(44,000)	-	-	(44,000)
At 31 December 2021	4,018,141	1,773,466	33,245	722,335	6,547,187
<i>Accumulated depreciation:</i>					
At 1 January 2021	2,693,272	1,533,241	33,245	673,736	4,933,494
Charge for the year	39,536	98,468	-	22,748	160,752
Disposals	-	(44,000)	-	-	(44,000)
At 31 December 2021	2,732,808	1,587,709	33,245	696,484	5,050,246
<i>Net book amount:</i>					
At 31 December 2021	1,285,333	185,757	-	25,851	1,496,941
At 31 December 2020	1,324,869	93,682	-	44,371	1,462,922

Included within freehold land and buildings is land at a cost of £873,125 (2020 – £873,125) which is not depreciated.

Notes to the financial statements

For the year ended 31 December 2021

12 Investments

	<i>Subsidiary undertakings</i> £
<i>Cost:</i>	
Balance at 1 January 2021	1,484,185
Movement in the year	-
At 31 December 2021	<u>1,484,185</u>
<i>Accumulated provision:</i>	
Balance at 1 January 2021	<u>160,000</u>
At 31 December 2021	<u>160,000</u>
<i>Net book amount:</i>	
At 31 December 2021	<u>1,324,185</u>
At 31 December 2020	<u>1,324,185</u>

The fixed asset investments at 31 December 2021 represent the following 100% investments in the ordinary share capital of companies registered in England and with a registered office of Welland House, Longwood Close, Westwood Business Park, Coventry, CV4 8HZ:

- a. Cost of £160,000 (2020: cost of £160,000) and net book amount of £nil (2020: £nil) in Bruker AXS Limited, a non-trading company.
- b. Cost of £1,324,185 (2020: £1,324,185) and net book amount of £1,324,185 (2020: £1,324,185) in Bruker JV UK Ltd., a non-trading company following the hive-up of its trade and assets on 1 July 2019.

13 Inventories

	2021 £	2020 £
Raw materials	572,643	1,093,180
Work in progress	1,317,051	1,679,337
Demonstration stocks	488,800	543,648
Finished goods	<u>897,754</u>	<u>1,297,420</u>
	<u>3,276,248</u>	<u>4,613,585</u>

The difference between purchase price of stocks and their replacement cost is not material. Inventories are stated after provisions of £1,948,380 (2020: £1,752,438).

14 Debtors

	2021 £	2020 £
<i>Amounts falling due within one year:</i>		
Trade debtors	19,439,917	7,312,698
Amounts owed by group undertakings	3,474,959	5,903,250
Prepayments and accrued income	<u>803,363</u>	<u>735,558</u>
	<u>23,718,239</u>	<u>13,951,506</u>

Notes to the financial statements

For the year ended 31 December 2021

14. Debtors (continued)

Trade debtors are stated after provision for impairment of £129,789 (2020: £14,809).

Amounts owed by group undertakings include a loan of £718,228 (2020: £643,228) that is unsecured, interest chargeable at 1.375% and has no fixed date of repayment. Other amounts by group undertakings are unsecured, interest free and repayable on demand and include a group cash pool balance of £1,413,171 (2020: £2,783,011) which earns interest at variable rates.

15 Creditors

Amounts falling due within one year:

	2021 £	2020 £
Trade creditors	1,218,824	449,736
Amounts owed to group undertakings	15,931,701	11,224,454
Corporation tax payable	1,694,861	252,998
Other taxation and social security	1,521,844	2,391,140
Accruals and deferred income	10,824,837	16,968,805
	<u>31,192,067</u>	<u>31,287,133</u>

Accruals and deferred income include payments in advance of £3,269,571 (2020: £11,403,620), deferred project revenue of £162,728 (2020: £764,448) and deferred service revenue of £5,895,563 (2020: £3,462,047).

Amounts owed to the group undertakings included interest-bearing loan of Nil (2020: £4,262,328) to finance the acquisition of Bruker JV UK Ltd. This loan was unsecured with no fixed date of repayment and had interest at 3.12% and was fully repaid with accrued interest on 18 October 2021. All amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand and include a balance of £1,324,186 (2020: £1,324,186) payable to Bruker JV UK Ltd for the net assets acquired through the hive-up in the prior year.

	2021 £	2020 £
<i>Amounts falling due after more than one year:</i>		
Accruals and deferred income	1,995,190	2,781,148
	<u>1,995,190</u>	<u>2,781,148</u>

Accruals and deferred income include payments in advance of £nil (2020: £347,409) and deferred service revenue of £2,007,422 (2020: £2,415,137).

16 Provisions for liabilities

	Deferred tax £	Warranty provision £	Total £
At 1 January 2021	(642)	(223,446)	(224,088)
Movement in the year	642	(62,214)	(61,572)
At 31 December 2021	-	(285,660)	(285,660)

Notes to the financial statements

For the year ended 31 December 2021

17 Called up share capital

		2021		2020
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	1,000,000	<u>1,000,000</u>	1,000,000	<u>1,000,000</u>

18 Pensions

The company operates a defined contribution pension scheme whose assets are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company and amounted to £1,292,732 (2020 – £1,122,592). There were no unpaid contributions outstanding at the year-end.

19 Other financial commitments

At 31 December the company had total commitments under non-cancellable operating leases in respect of Office buildings, employee vehicles and office equipment.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2021	2020
	<i>£</i>	<i>£</i>
Within one year	415,473	431,689
Later than one year and not later than five years	<u>454,631</u>	<u>758,145</u>
	<u>870,104</u>	<u>1,189,834</u>

20 Post balance sheet events

Subsequent to year end, the Company has decided to sell the owned business premise at Banner Lane, Coventry to a national house builder. The transaction is expected to be completed by the end of March 2023.

21 Ultimate parent undertaking and controlling party

The company's immediate parent is Bruker Invest AG Inc, a company incorporated in Switzerland.

Within the meaning of the Companies Act 2006, the company regards Bruker Corporation Inc, a company incorporated in the United States, as its ultimate parent undertaking and controlling party, it is the smallest and largest group of which the company is a member and for which group financial statements are prepared. A copy of the group financial statement is available from 15 Fortune Drive, Billerica, MA01821, USA.