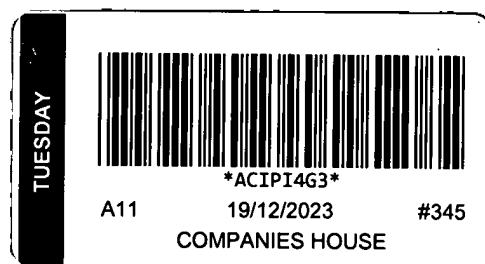


Bruker UK Limited

Strategic Report, Directors' Report and Financial Statements

31 December 2022



Registered No. 923986

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Registered No. 923986

Company information

Directors

M C Holmes

J Faessler

K Brown (Resigned on 31/03/2022)

Independent auditors

PricewaterhouseCoopers LLP

One Chamberlain Square

Birmingham

B3 3AX

Bankers

Deutsche Bank AG London

6 Bishopsgate

London

EC2N 4DA

Solicitors

Irwin Mitchell

Imperial House

31 Temple Street

Birmingham B2 5DB

Registered Office

Welland House

Longwood Close

Westwood Business Park

Coventry

CV4 8HZ

Registered No. 923986

Strategic Report

The directors present their Strategic Report, Directors' Report and Financial Statements for the year ended 31 December 2022.

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:

	2022 £'000	2021 £'000	Change %
Turnover	61,327	75,349	-19%
Operating profit	2,936	7,308	-60%
Profit for the financial year	2,381	5,718	-58%
Total equity	9,026	6,645	36%
Current Ratio	126%	120%	6%
Average number of employees	167	154	8%

Turnover decreased by 19% during the year 2022, primarily due to the decrease in revenue for different groups: BioSpin group revenue decreased by £13.64m, it was £19.65m in 2022 compared to £33.29m in 2021. NANO group revenue also decreased by £1m, CALID group revenue increased by £0.67m compared to 2021.

Operating profit has decreased by 60%, this can be attributed due to 19% decrease in turnover, 18% decrease in Cost of Sales and 26% decrease in TPA costs from inter-company, which further contributed to decrease in revenue. However, the increase of 7% in employment costs was due to a rise in headcount and payrise.

The company has made an overall profit for the reporting financial year even though the margin decreased from the previous year, due to the factors mentioned above.

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 majority of the 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.

It's important for a company to assess and manage credit risk effectively to minimise the potential for financial losses, the company evaluates customer's credit worthiness by using the tool 'Dun and Bradstreet' for the new customers, and for existing customers, if they do not pay in time their account is suspended until the payment has not been received, therefore minimising our exposure.

The financial risk management objectives are to ensure sufficient working capital are available for the company. This is achieved by careful management of 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.

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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 recognise that as a subsidiary trading entity, business strategy and policy decisions impacting stakeholder groups are, in most cases, made at Bruker Corporation level.

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.

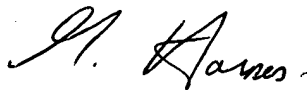
A director of a company must act, in good faith, to promote the success of the company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

- the likely consequences of any long-term decisions taken and the impact on all stakeholders are considered;
- the interests of the company's employees. Our people play a vital role in helping us to achieve our strategic priorities and committed and engaged employees are crucial to our success;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on our community and the environment, reducing our emissions and improving our carbon footprint in the communities where we operate;
- the need to conduct business to the highest levels of integrity, ensuring that we and our customers and suppliers apply high standards in their social, environmental and ethical conduct;
- the need to treat all our stakeholders fairly building open and and constructive relationships.

In satisfying section 172 duties, the directors have thought about the factors set out above along with other components which we consider to be important when decisions are being made. Examples of those factors include relationships with employees, customers and suppliers.

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 2022 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 and signed on its behalf by:



M C Holmes

Director

Date: 15 December 2023

Registered No. 923986

Directors' Report

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

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 business areas comprised of Bruker Biospin Group (BBIO), Bruker Calid Group (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 £2.38m (2021 – profit of £5.72m). No dividend was paid out during 2022 and following this, and the directors do not recommend a final dividend (2021 – £nil).

Subsequent events

Subsequent to the year end, the Company sold the owned business premise at Banner Lane, Coventry (through selling off the land) to a national house builder for £9.70m. The transaction was completed on 29th March 2023.

Prior Year Restatement

In the prior year, staff costs relating to service engineers and manufacturing personnel were incorrectly presented in administrative expenses rather than cost of sales. The presentation has been corrected by restating the prior year comparatives in the 2022 financial statements. This has the impact of reducing administrative costs by £3.76m and increasing cost of sales by the same amount for the year ending 31 December 2021. There has been no impact on profit after tax or the net assets.

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

The company has a highly specialised direct sales and service organisation dedicated to servicing the needs of our customers. The ability of the company to maintain and expand its installed base of equipment depends upon its continued ability to attract and retain highly skilled employees. The company believes that employee relations are generally good. The company also enjoys access to expertise from related companies within Bruker Corporation Inc.

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 2022 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 recognizing the impact of business activities on 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

Registered No. 923986

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 kWh		Emissions tCO ₂ e	
	2022	2021	2022	2021
Scope 1 direct emissions from combustion of gas and transport purposes	1,133,459	1,282,331	271.5	279.5
Scope 2 indirect emissions from purchased electricity	747,290	1,015,772	179.0	221.4
Scope 3 other indirect emissions from business travel	33,398	11,470	8.0	2.5
Total energy consumption used to calculate emissions / total gross emissions	1,914,147	2,309,573	458.5	503.4
	2022	2021		
Intensity ratio: tco₂e / Sales revenue in £m	7.47	6.72		

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 2022 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 2022 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 2022 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 2022 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: 15 December 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 2022 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 Strategic Report, Director's Report and Financial Statements (the "Annual Report"), which comprise: Statement of financial position as at 31 December 2022; 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 2022 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 Companies Act 2006 and Taxation Legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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. Audit procedures performed by the engagement team included:

- enquires of management
- reviewing legal expense accounts and board minutes
- obtaining 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 performing unpredictable procedures

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)

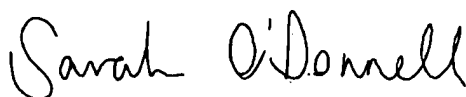
Other required reporting

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
15 December 2023

Profit and loss account

For the year ended 31 December 2022

		2022	2021 (Restated)
	Note	£'000	£'000
Turnover	5	61,327	75,349
Cost of sales		(32,339)	(39,322)
Gross profit		28,988	36,027
Administrative expenses		(26,052)	(28,719)
Operating profit	6	2,936	7,308
Interest receivable	9	31	10
Interest payable	9	(3)	(124)
Profit before taxation		2,964	7,194
Tax on profit	10	(583)	(1,476)
Profit for the financial year and total comprehensive income		2,381	5,718

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

The notes on pages 17 to 29 form an integral part of these financial statements

Statement of financial position

As at 31 December 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Property, plant and equipment	11	2,258	1,497
Investments	12	1,324	1,324
		<u>3,582</u>	<u>2,821</u>
Current assets			
Inventories	13	5,638	3,276
Debtors	14	27,120	23,718
Cash at bank and in hand		10,613	10,302
		<u>43,371</u>	<u>37,296</u>
Creditors: amounts falling due within one year	15	(34,471)	(31,192)
Net current assets		<u>8,900</u>	<u>6,104</u>
Total assets less current liabilities		12,482	8,925
Creditors: amounts falling due after more than one year	15	(3,322)	(1,995)
Provisions for liabilities	16	(134)	(286)
Net assets		<u>9,026</u>	<u>6,644</u>
Capital and reserves			
Called up share capital	17	1,000	1,000
Retained earnings		8,026	5,644
Total equity		<u>9,026</u>	<u>6,644</u>

The financial statements on pages 17 to 30 of Bruker UK Limited were authorised for issue by the board and signed on their behalf by:


MC Holmes

Director

Date: 15 December 2023

Registered No. 923986

The notes on pages 17 to 29 form an integral part of these financial statements

Statement of changes in equity

For the year ended 31 December 2022

	<i>Called up share capital £'000</i>	<i>Retained earnings £'000</i>	<i>Total equity £'000</i>
At 1 January 2021	1,000	(74)	926
Profit for the financial year and total comprehensive income	-	5,718	5,718
At 31 December 2021	1,000	5,644	6,644
Profit for the financial year and total comprehensive income	-	2,381	2,381
At 31 December 2022	1,000	8,025	9,025

The notes on pages 17 to 29 form an integral part of these financial statement

Notes to the financial statements

For the year ended 31 December 2022

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

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.

Basis of preparation

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 on a going concern basis, under the historical cost convention. The presentation currency is £ sterling.

Going Concern

The company meets its day to day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the company's products, (b) the availability of bank finance for the foreseeable future. The company's forecasts and projection, taking account a severe but plausible change in trading performance, show that the company should be able to operate within the level of current facilities. After making enquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

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 the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Notes to the financial statements

For the year ended 31 December 2022

3 Accounting policies (continued)

Consolidated Financial Statements

Bruker UK Limited is a wholly owned subsidiary of Bruker Invest AG Inc, a company incorporated in Switzerland. It is included in the consolidated statement of Bruker Corporation Inc which are publicly available. Bruker UK Limited is exempt by virtue of section 400 of the Companies act 2006 from the requirement to prepare the consolidated financial statements. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Bruker Corporation Inc. The address of the parent's register office is 15 Fortune Drive, Billerica, MA01821, USA.

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

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.

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.

Notes to the financial statements

For the year ended 31 December 2022

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 company 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 2022

3 Accounting policies (continued)

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 £12.59m (2021: £17.02m). 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 2022

3 Accounting policies (continued)

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 directors do not believe there are any critical judgements made in the process of applying the company's accounting policies, nor any critical accounting 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.

Notes to the financial statements

For the year ended 31 December 2022

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:

	2022	2021
	£'000	£'000
Sale of Goods	43,803	59,171
Rendering of Services	17,524	16,178
	<u>61,327</u>	<u>75,349</u>

An analysis of turnover by geographical market is given below:

	2022	2021
	£'000	£'000
United Kingdom	52,246	66,016
Europe	1,969	1,504
Rest of the World	7,112	7,829
	<u>61,327</u>	<u>75,349</u>

6 Operating profit

Operating profit is stated after charging /(crediting):

	2022	2021
	£'000	£'000
Audit fees payable to the company's auditors	115	95
Other services payable to the company's auditors – taxation	16	15
Depreciation of property, plant and equipment (note 11)	85	161
Operating lease rentals –building, plant, and machinery	929	876
Research and development expenditure	1,624	1,452
Inventory recognised as an expense	27,090	34,442
Impairment of trade debtors	332	130
Net (gain) on foreign currency translation	(98)	(80)

Notes to the financial statements

For the year ended 31 December 2022

7 Directors' remuneration

	2022	2021
	£'000	£'000
Remuneration	117	114
Company contributions paid to money purchase pension schemes	13	11
	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

	2022	2021
	£'000	£'000
Wages and salaries	9,739	9,043
Social security costs	1,226	1,129
Other pension costs (note 18)	1,286	1,293
	12,251	11,465

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

	2022	2021
	No.	No.
Directors	2	2
Administration, manufacturing, service and selling	165	152
	167	154

9 Net interest (payable)/receivable

	2022	2021
	£'000	£'000
Interest payable to group undertakings	(3)	(124)
Bank interest receivable	31	10
Net interest (payable)/receivable	28	(114)

Notes to the financial statements

for the year ended 31 December 2022

10 Tax on profit

a. Tax on profit

The tax on profit is made up as follows:

	2022 £'000	2021 £'000
Current tax:		
UK corporation tax on the profit for the financial year	535	1,353
Adjustments in respect of prior years	48	123
Total current tax	583	1,476
Deferred tax:		
Origination and reversal of timing differences	-	-
Total deferred tax (note 10(c))	-	-
Tax on profit	583	1,476

b. Factors affecting the tax profit for the year

The tax assessed for the year differs from (2021: differs from) the standard rate of corporation tax in the UK of 19% (2021 – 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit before taxation	2,964	7,194
Profit before taxation at standard rate of corporation tax in the UK 19% (2021 – 19%)	563	1,367
Effects of:		
Fixed asset differences	21	21
Research and development reclaim	(50)	(50)
Expense not deductible for tax purposes	0.5	15
Adjustments in respect of prior years	48	123
Tax on Profit	583	1,476

c. Factors that may affect future tax charges

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.

Notes to the financial statements

For the year ended 31 December 2022

11 Property, plant and equipment

	<i>Freehold land and buildings</i>	<i>Plant and equipment and leasehold improvements</i>	<i>Motor vehicles</i>	<i>Computer equipment</i>	<i>Construction in Progress</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Cost:						
At 1 January 2022	4,018	1,774	33	722	-	6,547
Additions	-	5	-	-	841	846
Disposals	-	(231)	(19)	-	-	(250)
At 31 December 2022	4,018	1,548	14	722	841	7,143
Accumulated depreciation:						
At 1 January 2022	(2,733)	(1,588)	(33)	(696)	-	(5,050)
Charge for the year	(39)	(33)	-	(13)	-	(85)
Disposals	-	231	19	-	-	250
At 31 December 2022	(2,772)	(1,390)	(14)	(709)	-	(4,885)
Net book amount						
At 31 December 2022	1,246	158	-	13	841	2,258
At 31 December 2021	1,285	186	-	26	-	1,497

Included within freehold land and buildings is land at a cost of £873k (2021 – £873k) which is not depreciated.

Notes to the financial statements

For the year ended 31 December 2022

12 Investments

	<i>Subsidiary undertakings £'000</i>
<i>Cost:</i>	
Balance at 1 January 2022	1,484
Movement in the year	-
At 31 December 2022	<u>1,484</u>
<i>Accumulated provision:</i>	
Balance at 1 January 2022	<u>160</u>
At 31 December 2022	<u>160</u>
<i>Net book amount:</i>	
At 31 December 2022	<u>1,324</u>
At 31 December 2021	<u>1,324</u>

The fixed asset investments at 31 December 2022 represent the following investments in the ordinary share capital of companies registered in England.

- a. Cost of £160k (2021: cost of £160k) and net book amount of £nil (2021: £nil) in Bruker AXS Limited, a non-trading company (50% ownership), the address of Banner Lane, CV4 9GH. On 7th of March 2023 this entity was dissolved.
- b. Cost of £1.32m (2021: £1.32m) and net book amount of £1.32m (2021: £1.32m) in Bruker JV UK Ltd, a non-trading company following the hive-up of its trade and assets on 1 July 2019 (100% ownership), the address of the registered office is Belmont Business Park, Durham, County Durham, DH1 1TW.

13 Inventories

	<i>2022 £'000</i>	<i>2021 £'000</i>
Raw materials	1,529	573
Work in progress	2,257	1,317
Demonstration stocks	290	489
Finished goods	<u>1,562</u>	<u>897</u>
	<u>5,638</u>	<u>3,276</u>

The difference between purchase price of stocks and their replacement cost is not material. Inventories are stated after provisions of £1.95m (2021: £1.95m).

Notes to the financial statements

For the year ended 31 December 2022

14 Debtors

	2022	2021
<i>Amounts falling due within one year:</i>	<i>£'000</i>	<i>£'000</i>
Trade debtors	20,042	19,440
Amounts owed by group undertakings	6,573	3,475
Prepayments and accrued income	505	803
	<u>27,120</u>	<u>23,718</u>

Trade debtors are stated after provision for impairment of £462k (2021: £130k).

Amounts owed by group undertakings include a loan of £693k (2021: £718k) that is unsecured, interest chargeable at 1.375% up to 31st March 2022, then 3.138% until 31st March 2023 and has no fixed date of repayment. Other amounts by group undertakings are unsecured, and repayable on demand and include a group cash pool balance of £919k (2021: £1.40m) which earns interest at variable rates.

15 Creditors

	2022	2021
<i>Amounts falling due within one year:</i>	<i>£'000</i>	<i>£'000</i>
Trade creditors	1,808	1,219
Amounts owed to group undertakings	10,399	15,932
Corporation tax payable	2,017	1,695
Other taxation and social security	1,258	1,522
Accruals and deferred income	18,990	10,825
	<u>34,472</u>	<u>31,193</u>

Accruals and deferred income include payments in advance of £8.34m (2021: £3.27m), deferred product revenue is £230k (2021: £163k) and deferred service revenue of £7.51m (2021: £5.89m).

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 £1.32m (2021: £1.32m) payable to Bruker JV UK Ltd for the net assets acquired through the hive-up in 2019.

	2022	2021
<i>Amounts falling due after more than one year:</i>	<i>£'000</i>	<i>£'000</i>
Accruals and deferred income	3,322	1,995
	<u>3,322</u>	<u>1,995</u>

Accruals and deferred income include payments in advance of £853k (2021: £nil) and deferred service revenue of £2.48m (2021: £2.00m).

Notes to the financial statements

For the year ended 31 December 2022

16 Provisions for liabilities

	<i>Warranty provision</i> £'000
At 1 January 2022	(286)
Movement in the year	152
At 31 December 2022	<u>(134)</u>

17 Called up share capital

	No.	2022 £'000	No.	2021 £'000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	1,000,000	<u>1,000</u>	1,000,000	<u>1,000</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 £1.29m (2021 – £1.29m). Pension contributions £81k (2021 – nil) 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 a new office building, employee vehicles and office equipment.

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

	2022 £'000	2021 £'000
Within one year	909	415
Later than one year and not later than five years	1,533	455
Over 5 years	<u>1,490</u>	<u>-</u>
	<u>3,932</u>	<u>870</u>

20 Post balance sheet events

Subsequent to the year end, the Company sold the owned business premise at Banner Lane, Coventry (through selling off the land) to a national house builder for £9.70m. The transaction was completed on 29th 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.

Notes to the financial statements

For the year ended 31 December 2022

22 Restatement

In the prior year, staff costs relating to service engineers and manufacturing personnel were incorrectly presented in administrative expenses rather than cost of sales. The presentation has been corrected by restating the prior year comparatives in the 2022 financial statements. This has the impact of reducing administrative costs by £3.76m and increasing cost of sales by the same amount for the year ending 31 December 2021. There has been no impact on profit after tax or the net assets.

	2021	2021	Variance
	£'000	(Restated) £'000	£'000
Cost of Sales	(35,567)	(39,322)	3,755
Administrative expenses	(32,474)	(28,719)	(3,755)