

**Millbrook Proving Ground Limited**  
**Annual report and financial statements**

Year ended 31 December 2021

Registered number: 02230262

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Millbrook Proving Ground Limited  
Year Ended 31 December 2021

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Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Officers and professional advisors

### **DIRECTORS**

G.C. McCormack  
M.O. Hughes  
P. Arbel

### **REGISTERED OFFICE**

Millbrook Proving Ground  
Station Lane  
Millbrook  
Bedford  
MK45 2JQ  
United Kingdom

### **BANKERS**

National Westminster  
PO Box 34  
15 Bishopsgate  
London  
EC2P 2AP  
United Kingdom

### **AUDITOR**

Grant Thornton UK LLP  
Statutory Auditor  
199 Avebury Blvd  
Milton Keynes  
MK9 1AU  
United Kingdom

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Strategic report

The Directors present the Strategic report of Millbrook Proving Ground Limited ("the Company") for the year ended 31 December 2021.

### Review of the Company's business

The Company was a wholly owned subsidiary of UTAC Group SAS during the year ended 31 December 2021, providing vehicle test, validation and engineering services to customers in the automotive, transport, tyre, petrochemical, defence and security industries. It is independent and impartial in everything it does.

At its Proving Ground in the UK, the Company has 70km of varied test tracks, including hill routes, high-speed areas and challenging off-road courses. Its professional drivers and engineers perform repeatable tests on all types of vehicles in a secure and safe environment. It has a range of test facilities for components and full vehicles. These include engine dynamometers, environmental chambers, crash laboratories and advanced emissions chassis dynamometers.

The Company, through its UTAC UK Technology Park, is home to innovative companies who benefit from access to the Company's testing facilities and expertise, forming an integral part of the UK's vehicle technology cluster. The Company's venues host vehicle-related events for up to 7,000 people.

The quality of the Company's work is reflected in its ISO 9001 and ISO 17025 accreditations. Additionally, the increasing relevance of security considerations to its customers has led it to secure ISO 27001 accreditation. The Company also implements business continuity best practice and organisational resilience reflected in its ISO 22301 accreditation.

### Business Review

The Company's revenue for the year ended 31 December 2021 was £33.0m compared with £34.8m for the year ended 31 December 2020. This reduction was a result of the ongoing impact of the COVID-19 pandemic and the semi-conductor shortage effect on our customers, of which caused delays in the availability of testing vehicles and/or components. The Directors expect recovery in long-term revenues as these two issues progress and resolve.

EBITDA for the year ended 31 December 2021 was £0.9m, an increase of £1.4m compared to the year ending 31 December 2020, of which had an EBITDA loss of £0.5m. The increase is due to a combination of a £1.8m decrease in revenue, followed by a £0.2m increase in cost of sales materials. This was offset by £2.2m people cost saving, £0.3m additional other income due to the Corona virus job retention scheme, and a further of £1.5m due to less management fees and cost savings due to the change of ownership. EBITDA is defined and reconciled in note 3 to the financial statements.

Exceptional operating items during the period related primarily due to restructuring costs as a result of the sale of the Company to UTAC holding from Spectris plc. The Company's policy is to exclude items that are considered to be significant in nature and/or quantum and where treatment as an adjusted item provides stakeholders with additional useful information to further assess the period-on-period trading performance.

Operating loss for the year ended 31 December 2021 was £8.4m, an improvement of £19.6m compared to the prior year endings 31 December 2020 of £28.0m. This movement is primarily due to an £18.4m impairment in the prior period. The remaining difference is due to the fall in revenue.

The Company continued with its programme of capital investment during the year recognising £6.6m of fixed asset additions (2020: £14.5m). During the year it commissioned new testing assets designed to support its customers in a range of areas including new hydrogen enabled workshops, vehicle emission's test equipment as well as a large scale infrastructure upgrade to increase power capacity onsite and thus future proof against business expansions/testing volume increases, in particular in relation to battery and electric vehicle testing. Funding for capital investment was provided by way of an intercompany loan from parent company UTAC holding.

The Company had net assets of £41.5m as at 31 December 2021 (2020: net liabilities of £0.2m), with £3.0m (2020: £0.6m) of this as cash and cash equivalents. Of this movement, £32.5m relates to movement in intercompany funding as a result of the change in ownership.

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Strategic report (Continued)

### Change of ownership

In a transaction which completed on 1 February 2021, 100% of the equity of the Millbrook group of companies (which includes Millbrook Proving Ground Limited) was sold by its shareholders to the French Group UTAC CERAM. The two companies merged, creating a market-leading group in vehicle testing, vehicle type approval and emerging technologies for autonomous, connected and electric vehicles. A new multicultural, highly committed and experienced management team has also been announced and will lead the implementation of the new organisation worldwide.

Representing a significant increase in the scale of the group (as measured by revenue), the new group has all the assets – its people, facilities and technology, to meet the new challenges of individual and collective mobility. It operates eight test centres around the world, including the only Euro NCAP laboratory in France, and is committed to leveraging its internal resources, international network and the support of its shareholders, especially its majority shareholder, Eurazeo, to pursue a strategy of innovation and to consolidate its markets in Europe and the world. Its capacity to innovate and develop worldwide is enhanced by combining UTAC CERAM and Millbrook's extensive and recognized leadership in new technologies across electrification, connected and automated vehicles, ADAS, cybersecurity and simulation.

Millbrook Proving Ground Limited remains an important part of the new group and will continue to undertake its current activities under the new ownership.

Prior to 1 February 2021, a number of restructuring steps were undertaken which had the effect of reducing and capitalising the intercompany payable to Spectris Plc by £50.0m. Consequently, the net asset position has improved by a corresponding amount during the year, however, has been replaced by a circa £31.7m payable to UTAC holding.

### Stakeholder engagement and section 172

In accordance with section 172 of the Companies Act 2006, the Company recognises the importance of its wider stakeholders to the sustainability of the business.

Integral to the success of UTAC UK are the integrity, expertise and innovation of its workforce. The Company is committed to engaging with and supporting its employees as it delivers its strategy to grow and develop the business.

As a responsible employer, the Company has a significant focus on Health and Safety. The Company has a Security, Safety and Environmental committee that meets monthly, and Health and Safety is a key part of the regular leadership team meetings. Furthermore, Safety and Integrity is one of its strategic priorities that are central to everything it does, driving regular workplace inspections and detailed reporting of all incidents, accidents and near misses.

The Company considers that the impact that it, and its supply chain, have on the environment is an important consideration for it. It measures its energy consumption and invests in projects to reduce the specific consumption of energy and water in its operations. Furthermore, many of the Company's investments are in test facilities that help its customers to develop vehicles with a lower impact on the environment.

Understanding its customers is critical for the continued success of the business. By developing long-term relationships with them, the Company is well placed to support their evolving business requirements.

Being Customer focused is one of UTAC's strategic priorities. The Company engages with its customers through customer feedback, through the annual voice of the customer survey and through regular contact throughout an engagement with customers. UTAC operates a key account management structure across the business to encourage meaningful, consistent, and ongoing engagement with its customers.

The relationships with UTAC UK's suppliers and partners are essential to the delivery of quality service to its customers and the operational success of the business. In order to maintain this the Company uses effective and regular communication and standardised procedures where possible. It audits its key suppliers against specific criteria, including quality and safety, delivery, legal and contractual requirements (including anti-slavery) and cost and social responsibility amongst other things. It has clear payment processes to ensure fair and prompt treatment of creditors.

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Strategic report (Continued)

Ethical behaviour is fundamental to the culture of UTAC. The Company recognises that the way it conducts its business and how it treats its employees and customers has a direct impact on the culture and performance of the organisation. The Company therefore demands the highest standards from its employees, partners, and suppliers at all times. This includes ensuring that the internal control framework and ethics and compliance programme operate effectively in promoting a strong culture. The leadership team sets the tone for this approach to ethics and reviews the approach regularly.

The board is presented with regular board packs and other information that it needs to fulfil its responsibilities. During the period at board meetings the board have discussed and made decisions on a number of specific issues including business priorities and strategy, capital investment and the ongoing management of the current economic situation.

### Principal risks and uncertainties

The principal risks and uncertainties, including the financial risks, which affected the business included the following:

- **COVID-19:** During 2021, COVID-19 continued to impact the first half of the financial year. As lockdowns were eased and supply chains began to recover, business operations such as on-site events were able to return to normal. Towards Q4, the impact on UTAC UK as a result of COVID-19 was minimal.
- **Semi-conductor shortage:** Customer vehicle production relies on the availability of semi-conductors. Through the financial year, the shortage of these semi-conductors caused a subsequent shortage in vehicles to test. As a result, expected sales were postponed, awaiting the availability of these test vehicles.
- **Customer relationship risk:** The Company maintains strong relationships with each of its key customers and has established credit control parameters. Appropriate credit terms are agreed with all customers, and these are closely managed;
- **Contract risk:** The Company conducts significant elements of its business under customer contracts that include performance, delivery, and other specific conditions. Rigorous review processes are in place across the Company to ensure that financial, qualitative, and quantitative parameters are met. An elevated approval process exists for material contracts;
- **The effect of legislation or other regulatory activities:** the Company monitors forthcoming and current legislation regularly;
- **New product, project, process and technology risk:** the Company develops new products and processes in support of its existing and new programme activities and is actively investing in additional services and facilities to support customer demand. All product development involves business risk both in terms of expenditure and reputation. Such risks are managed to reduce their impact, if any, on the Company. All appropriate measures were taken to protect the Company's intellectual property rights and to minimise the risk of infringement of third-party rights; and
- **Raw material availability and prices:** the Company monitors raw material sources and negotiates forward purchase contract terms. For items designated in foreign currencies, the Company enters into forward currency contracts to secure the price being paid.
- **Credit risk:** The company seeks to manage credit risk by ensuring there is no over reliance on unreliable credit facilities. This includes both supplier and intercompany funding. Main sources of credit are provided through intercompany accounts, however trade creditor terms are also managed with the support of the internal procurement function.
- **Liquidity risk:** The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through inter-company accounts.

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Strategic report (Continued)

### Going concern

In preparing these financial statements, the directors have assessed the ability of the company to continue to operate for a period of at least twelve months from the date of signing the financial statements.

The directors have prepared a detailed cash flow forecast for the going concern period including sensitivity analysis and reverse stress testing. Based on their analysis, the directors are satisfied that whilst they are generating substantial cash flows, they will continue to be dependent on the continued support of an intermediate parent company, UTAC Holding for the foreseeable future.

The company has net current liabilities of £26.3m (2020: £59.1m) as a result of intercompany payables of £32.4m which are repayable on demand. As a result, the company is reliant on the continued financial support of an intermediate parent company, UTAC Holding, and it has received written confirmation from UTAC Holding of its intention to support the company for a period of at least twelve months after these financial statements are signed.

Based on the results of the company's going concern procedures set out above and the written confirmation of financial support received from the intermediate parent company, the directors continue to adopt the going concern basis in preparing the financial statements.

### Key performance indicators

The Company considers the following to be the key performance indicators that help management to measure the Company's performance:

KPI	2021	2020
	£'000	£'000
Revenue	33,047	34,806
Revenue growth	(5.1%)	(35.4%)
EBITDA	851	(522)
Net Assets/(Liabilities)	41,543	(200)

Commentary on the movements are included in the business review section of this report. The directors are satisfied with the performance in each of these areas.

Key areas of strategic development and performance of the business include:

- Sales and marketing: new and replacement business is won regularly; new markets have been developed in line with the Company's strategy; key customer relationships are actively maintained;
- Services: the Company operates as an independent provider of test services. It does not own, or seek to develop, proprietary intellectual property in competition with its customers;
- People: investment in training and strengthening of the management and staff to enable the Company to fulfil its strategy;
- Capabilities and capacity: the company has, and continues to invest significant sums to develop, new facilities for which there is strong customer demand;
- Processes: new product introduction processes continue to be developed for new programmes with customers; production efficiencies have been gained and new initiatives for process and efficiency improvements continue to be developed and implemented; and

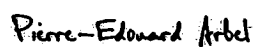
Millbrook Proving Ground Limited  
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## Strategic report (Continued)

### Key performance indicators (continued)

- Competitive advantage: the company operates in a highly competitive market. The company focuses on areas where it has a competitive advantage enabling it to be well positioned for sustainable long-term growth.

Approved by the Board on 21 November 2022 and signed on its behalf by:



P E Arbel  
Director



Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Directors' report

The Directors of Millbrook Proving Ground Limited ("the Company") present their report and the financial statements for the year ended 31 December 2021.

### Results and dividends

The Company made a loss after tax in the year of £8.3m (2020: loss of £28.8m).

During the year, the Company did not pay a dividend to its parent company (2020: £nil).

The Directors do not recommend payment of a dividend.

### Directors

The Directors of the Company for the year and through to the date of the financial statements are set out below:

M.O. Hughes  
G.C. McCormack  
P. Arbel (Appointed 23 August 2021)  
A.E.B Nelson (Resigned 23 August 2021)  
A. Cowan (Resigned 1 February 2021)

### Employee involvement and engagement

The Directors regard employee involvement and effective communication as essential to maintain productive relationships, achieve improved performance and ensure commitment to the Company's business objectives. Discussions take place regularly with the trade unions and other employee representatives on a wide range of issues through the forum of the Joint Negotiating Committee or with local Trade Union representatives. Additionally, all employees are briefed throughout the year on the current business status and the immediate outlook through a range of communication forums.

### Employment of disabled persons

The Company gives full consideration to employing disabled persons and making reasonable adjustments where necessary. Employees who become disabled are given every opportunity and assistance to continue in their employment or to be trained for other suitable positions.

### Qualifying third party indemnity provisions

The Company maintains insurance in respect of the Directors and Officers against any such liabilities as are referred to in Section 232 of the Companies Act 2006 and the insurance policy remains in force at the date of this report.

### Future developments

During 2021, the semi-conductor crisis had an indirect impact on sales, due to the availability of vehicles that our customers would then use in testing at UTAC. Although the Company is not directly affected, the future potential impact of this is currently unknown.

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Directors' report (Continued)

### Research and development

During 2021, the Company continued to work on research and development projects on behalf of both its customers and itself.

As the UTAC group is a world leader in vehicle test and validation systems to customers in the automotive, transport, tyre, petrochemical and defence industries, there are innovative qualifying projects with areas of scientific and technological uncertainty.

Research and development costs predominantly relate to qualifying revenue expenditure, of which the majority of this expenditure is qualifying people costs within the statement and profit and loss.

Examples of key research and development include:

- **5G Simulator**  
The design and development of a highly innovative autonomous driving simulator solution where real-world data is fed into a physical test vehicle to accurately simulate and test autonomous vehicle responses to various situations that would be impractical and unsafe to test in the real world.
- **Battery testing**  
The design and development of an innovative remote high-temperature battery testing solution capable of cycling batteries at temperatures, far greater than would traditionally be possible.

### Matters covered in the strategic report

The financial risk management policies section and the engagement with suppliers, customers and others are not included in the Directors' report as, under S414C(11), they have instead been included in the Strategic report on pages 3 and 4.

### Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board on 21 November 2022 and signed on its behalf by:



P E Arbel  
Director

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report, and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Independent auditor's report to the members of Millbrook Proving Ground Limited

### Opinion

We have audited the financial statements of Millbrook Proving Ground Limited (the 'company') for the year ended 31 December 2021, which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Independent auditor's report to the members of Millbrook Proving Ground Limited (continued)

### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Independent auditor's report to the members of Millbrook Proving Ground Limited (continued)

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud*

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and industry in which it operates through our general commercial and sector experience, discussions with management and review of board minutes. We determined that the following laws and regulations were most significant: FRS 101 'Reduced Disclosure Framework', the Companies Act 2006 and the relevant tax compliance regulations in the UK. In addition, we concluded that there are certain laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements such as health and safety and employee matters.
- We enquired of management concerning the company's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - challenge assumptions and judgements made by management in its significant accounting estimates;
  - identifying and testing journal entries, in particular journal entries posted with unusual account combinations that increased revenues or that reduced costs in the profit and loss account; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Independent auditor's report to the members of Millbrook Proving Ground Limited (continued)

- The assessment of the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates; and
  - understanding of the legal and regulatory requirements specific to the entity including, the provisions of the applicable legislation and the applicable statutory provision.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members. We remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

The logo for Grant Thornton UK LLP, featuring the company name in a stylized script font within a decorative, circular border.

Tim Broadway  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Milton Keynes

21 November 2022

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Income Statement

### For the year ended 31 December 2021

		2021	As restated 2020
	Note	£000	£000
Revenue	4	33,047	34,806
Cost of sales		(10,704)	(10,485)
Gross profit		22,343	24,321
Administrative expenses		(31,062)	(52,357)
Other operating income	6	297	-
Operating profit/(loss) before depreciation, amortisation and non-recurring items		851	(522)
Depreciation		(7,677)	(9,012)
Amortisation		(126)	-
Restructuring costs		(1,470)	(106)
Impairment of tangible assets		-	(18,396)
Operating loss	5	(8,422)	(28,036)
Finance expense	7	(457)	(1,854)
Loss before tax		(8,879)	(29,890)
Taxation	10	622	1,066
Loss after tax for the year		(8,257)	(28,824)

The results in the income statement relate entirely to continuing operations.  
The notes on pages 17 to 35 form part of these financial statements.

## Statement of Comprehensive Income

### For the year ended 31 December 2021

	2021	As restated 2020
	£000	£000
Loss for the year	(8,257)	(28,824)
Net gain on effective portion of forward exchange contracts on cash flow hedges, net of tax	-	60
Total comprehensive expense for the year	(8,257)	(28,764)



Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Statement of Changes in Equity

### For the year ended 31 December 2021

	Share capital	Share premium	Hedging reserve	Merger reserve	Retained earnings	Total equity
For the year ended 31 December 2021	£000	£000	£000	£000	£000	£000
Balance at 1 January 2021	4,441	8,730	-	3,992	(17,363)	(200)
Loss for the year	-	-	-	-	(8,257)	(8,257)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive expense for the year	-	-	-	-	(8,257)	(8,257)
Proceeds from shares issued	-	50,000	-	-	-	50,000
Total transactions with owners, recognised directly in equity	-	50,000	-	-	-	50,000
Balance at 31 December 2021	4,441	58,730	-	3,992	(25,620)	41,543

	Share capital	Share premium	Hedging reserve	Merger reserve	Retained earnings	As restated Total equity
For the year ended 31 December 2020	£000	£000	£000	£000	£000	£000
Balance at 1 January 2020	4,441	8,730	(60)	3,992	11,461	28,564
Loss for the year	-	-	-	-	(28,824)	(28,824)
Other comprehensive income	-	-	60	-	-	60
Total comprehensive expense for the year	-	-	60	-	(28,824)	(28,764)
Balance at 31 December 2020	4,441	8,730	-	3,992	(17,363)	(200)

The notes on pages 17 to 35 form part of these financial statements.

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Statement of Financial Position

### As at 31 December 2021

	Note	2021 £000	As restated 2020 £000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	11	145	-
Tangible assets	12	72,230	73,574
		72,375	73,574
<b>Current assets</b>			
Inventories	13	859	871
Trade and other receivables	14	12,944	14,643
Cash and cash equivalents	15	2,956	571
		16,759	16,085
<b>TOTAL ASSETS</b>		<b>89,134</b>	<b>89,659</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	16	(42,585)	(74,549)
Lease liabilities		(442)	(627)
		(43,027)	(75,176)
<b>Net current liabilities</b>		<b>(26,268)</b>	<b>(59,091)</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	10	-	(622)
Trade and other payables	16	-	(9,249)
Lease liabilities		(4,417)	(4,638)
Provisions	18	(147)	(174)
		(4,564)	(14,683)
<b>TOTAL LIABILITIES</b>		<b>(47,591)</b>	<b>(89,859)</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>41,543</b>	<b>(200)</b>
<b>EQUITY</b>			
Share capital	20	4,441	4,441
Share premium		58,730	8,730
Merger reserve		3,992	3,992
Retained earnings		(25,620)	(17,363)
<b>Total equity attributable to equity holders of Parent Company</b>		<b>41,543</b>	<b>(200)</b>

The notes on pages 17 to 35 form part of these financial statements.

The financial statements were approved by the Board of Directors on 21 November 2022 and were signed on its behalf by:

*Pierre-Edouard Arbel*

P E Arbel  
Director

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Notes to the financial statements

### 1. Basis of preparation and summary of significant accounting policies

The financial statements of Millbrook Proving Ground Limited were approved for issue by the Board of Directors on 18 November 2022. Millbrook Proving Ground Limited (the "Company") is a private company limited by shares incorporated, domiciled, and registered in England and Wales. The registered number is 02230262.

The Company's financial statements are presented in pounds sterling, which is also the Company's functional currency. The Company's financial statements are individual entity financial statements.

#### Basis of preparation

The Company prepares its financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") for all years presented.

The financial statements have been prepared under the historical cost convention as modified by derivative financial assets and liabilities measure at fair value through profit or loss, and in accordance with the Companies Act 2006.

As the Company was a wholly owned subsidiary of UTAC Holding as at the balance sheet date, the Company has taken advantage of the exemption contained in Financial Reporting Standard 101 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

The preparation of financial statements in compliance with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. These estimates and judgements are disclosed in note 2.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment'.
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS16, 'Property, plant and equipment'; and
  - paragraph 118(e) of IAS36, 'Intangible assets'.
- IAS 1, 'Presentation of financial statements', the requirements of paragraphs 10(d), 10(f), 16, 38A, 38C, 38D, 40A, 40B, 40(c), 40 (d), 111 and 134-136.
- IAS36 'Impairment of Assets' the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors'.
- Paragraph 17 and 18A of IAS 24, 'Related party disclosures'.
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group
- IFRS 16 'Leases' the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93.
- IFRS 15 'Revenue from Contracts with Customers' the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129.

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Notes to the financial statements (continued)

### 1. Basis of preparation and summary of significant accounting policies (Continued)

#### a) Basis of preparation (continued)

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2021 and have been applied consistently to all years presented in these financial statements.

#### Going concern

In preparing these financial statements, the directors have assessed the ability of the company to continue to operate for a period of at least twelve months from the date of signing the financial statements.

The directors have prepared a detailed cash flow forecast for the going concern period including sensitivity analysis and reverse stress testing. Based on their analysis, the directors are satisfied that whilst they are generating substantial cash flows, they will continue to be dependent on the continued support of an intermediate parent company, UTAC Holding for the foreseeable future.

The company has net current liabilities of £26.3m (2020: £59.7m) as a result of intercompany payables of £32.4m which are repayable on demand. As a result, the company is reliant on the continued financial support of an intermediate parent company, UTAC Holding, and it has received written confirmation from UTAC Holding of its intention to support the company for a period of at least twelve months after these financial statements are signed.

Based on the results of the company's going concern procedures set out above and the written confirmation of financial support received from the intermediate parent company, the directors continue to adopt the going concern basis in preparing the financial statements.

#### Adoption of new standards and interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have had a material impact on the Company's financial statements.

#### b) Summary of significant accounting policies

##### Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less an accumulated amortisation and any accumulated impairment losses. All intangible assets are considered to have a finite useful life based on the cash generating unit to which they are associated. Amortisation is charged to administrative expenses in the Income Statements on a straight-line basis over the estimated useful lives. The estimated useful lives are as follows:

Computer software	4 years
-------------------	---------

##### Tangible assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Assets in the course of construction are recognised as property, plant and equipment but are not depreciated. When an asset in the course of construction has been completed it is transferred to the relevant category and depreciated accordingly. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment, for example, land is treated separately from buildings.

The company assesses at each reporting date whether property, plant and equipment are impaired. Depreciation is charged to administrative expenses in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	25 years
Plant and machinery	3 to 10 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if it is greater than its estimated recoverable amount.

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Notes to the financial statements (continued)

### 1. Basis of preparation and summary of significant accounting policies (Continued)

#### b) Summary of significant accounting policies continued

##### Leases under IFRS 16

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangement in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise: fixed lease payments (including in substance fixed payments), less any lease incentives; variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; the amount expected to be payable by the lessee under residual value guarantees; the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever: the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or a lease contract is modified, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

##### Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

##### Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Notes to the financial statements (continued)

### 1. Basis of preparation and summary of significant accounting policies (Continued)

#### b) Summary of significant accounting policies continued

##### Trade and other receivables

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

The company applies the IFRS9 simplified approach to measure expected credit losses, of which uses a lifetime expected loss allowance for all trade receivables.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash in hand and short-term deposits held on call or with maturities of less than three months at inception and bank overdrafts. In the Statement of Financial Position, bank overdrafts are shown within trade and other payables.

##### Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

##### Government grants

Government grants that relate to tangible assets are included as a deduction to their associated tangible asset cost. The grant is then recognised in the income statement over the life of the depreciable asset as a reduced depreciation expense. Grants have been received from various Government bodies as funding for large capex projects seen as beneficial to the region.

Grants received in the year relating to HMRC Coronavirus Job Retention Scheme are accounted for in other operating income in the period to which the claim relates.

##### Taxation

Tax expense comprises both current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised either in other comprehensive income or directly in equity, in which case tax is recognised in the Statement of Comprehensive Income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustments to tax payable in respect of prior years.

Deferred taxation is recognised on temporary differences arising between the carrying amounts of assets and liabilities in the Financial Statements and their corresponding tax bases. Deferred tax is measured using the tax rates expected to apply when the asset is realised or the liability settled based on tax rates enacted or substantively enacted by the Statement of Financial Position date. Deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Notes to the financial statements (continued)

### 1. Basis of preparation and summary of significant accounting policies (Continued)

#### b) Summary of significant accounting policies continued

##### Financial assets

The company classifies its financial assets as at amortised cost only if both of the following criteria are met (and are not designated as FVTPL):

- the asset is held within a business model whose objective is to collect the contractual cash flows; and,
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (expenses)/income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss under 'net impairment losses on financial and contract assets.

##### Derivative financial instruments

The company uses derivative financial instruments such as forward foreign exchange contracts to hedge risks associated within foreign exchange fluctuations. Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in profit or loss. Outstanding derivatives at reporting date are included under the appropriate format heading depending on the nature of the derivative.

##### Impairment of financial assets

The company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

##### Share capital

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

##### Exceptional Items

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

The company's policy is to exclude items that are considered to be significant in nature and/or quantum and where treatment as an adjusted item provides stakeholders with additional useful information to further assess the period-on-period trading performance. This includes items such as restructuring costs.

##### Foreign currency

The functional currency for the company is determined with reference to the currency of the primary economic environment in which it operates. The financial statements are presented in "Pounds Sterling" (£), which is also the company's functional currency.

Transactions in currencies other than the functional currency are initially recorded at the functional currency 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 statement of financial position date. Exchange gains and losses on settlement of foreign currency transactions are translated at the rate prevailing at the date of the transactions, or the translation of monetary assets and liabilities at period end exchange rates and are charged/credited to the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction.

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Notes to the financial statements (continued)

### 1. Basis of preparation and summary of significant accounting policies (Continued)

#### b) Summary of significant accounting policies continued

##### **Revenue**

Revenue represents amounts receivable for services provided in the course of business, net of trade discounts, VAT and other sales related taxes. Revenue from the provision of services, including ongoing support, servicing, and maintenance, is recognised in line with the delivery of the service, at a point either in time or, for some ongoing services, over time.

##### *Events*

B2B Events are held on UTAC sites. Revenue from providing this service is recognised once the event has taken place.

##### *Track test and development*

Customers are able to either arrange long-term use of on site track facilities, or are able to use these ad-hoc. Under both situations, revenue is recognised as the service is rendered.

##### *Laboratory testing and other facilities*

Testing services compose a large portion of UTAC's revenue, where the company will test customer's products in a variety of different ways. Each service is quoted for and contracted separately, of which can include multiple pre-defined performance obligations. Each performance obligation's revenue is recognised as the service is rendered.

##### **Employee benefits**

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

##### *Termination benefits*

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

##### **Trade and other payables**

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### **Provisions**

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

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



Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Notes to the financial statements (continued)

### 1. Basis of preparation and summary of significant accounting policies (Continued)

#### b) Summary of significant accounting policies continued

##### Finance expense

Finance expense is recognised using the effective interest rate method. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability for interest expense.

### 2. Critical accounting judgements and estimates

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical accounting judgements in applying the company's accounting policies

There are no critical judgements that have been made in the application of the company's accounting policies.

#### Critical accounting estimates and assumptions

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below:

##### (a) Completion of contracts

Principal estimates made in the period relate to the assessment of completion of contracts for the provision of services.

For the provision of services where work is performed over time, an estimate of the percentage of work complete at the balance sheet date is required. The work performed is reviewed against the milestones within the contracts which determines the level of revenue that can be recognized. As at 31 December 2021 there was revenue of £3.0m accrued on the balance sheet, in relation to ongoing contracts that had yet to complete (2020: £1.4m).

##### (b) Useful economic lives of tangible and intangible assets

The annual depreciation/amortisation charge is sensitive to changes in the estimated useful economic lives of the assets. 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 physical condition of the assets.

##### (c) Accounts receivable provisions

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade debtors' management considers factors including the current credit rating of the debtor, the age profile of debtors and historical experience.

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Notes to the financial statements (continued)

### 3. Alternative Performance measures

Millbrook Proving Ground Limited uses measures to enable management and stakeholders to better assess the underlying trading performance of the businesses as they exclude certain items that are considered to be significant in nature and/or quantum. The alternative performance measure ('APMs') is consistent with how the businesses' performance is planned and reported within the internal management reporting to the Board. Some of these measures are used for the purpose of setting remuneration targets.

The key APM that the Company uses is EBITDA. Explanations of how this are calculated and reconciled to an IFRS statutory measure are set out below.

The Company's policy is to exclude items that are considered to be significant in nature and/or quantum and where treatment as an adjusted item provides stakeholders with additional useful information to better assess the period-on-period trading performance. The Company excludes certain items, which management have defined as:

- restructuring costs from significant programmes;
- impairment;
- bargain purchase on acquisition;
- transaction-related costs, deferred and contingent consideration fair value adjustments;
- profits or losses on termination or disposal of businesses;
- profit on sale of property, plant and equipment (where significant).

	2021	2020
EBITDA	£000	£000
Operating loss	(8,422)	(28,036)
Depreciation	7,677	9,012
Amortisation	126	-
Impairment of tangible assets	-	18,396
Restructuring costs from significant programmes	1,470	106
EBITDA	851	(522)

EBITDA is calculated as statutory operating profit before depreciation, amortisation and impairment of tangible assets, intangible assets and exceptional items as previously mentioned.

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Notes to the financial statements (continued)

### 4. Revenue

Revenue relates entirely to the rendering of services.

	2021	2020
By class of business	£000	£000
Events	2,009	545
Track test and development	5,037	4,606
Laboratory testing and other facilities	26,001	29,655
	33,047	34,806

	2021	2020
By geographical market	£000	£000
United Kingdom	29,570	32,191
Rest of Europe	2,717	2,419
North America	153	55
Asia Pacific	595	66
Rest of World	12	75
	33,047	34,806

### 5. Operating loss

	2021	2020
Operating loss is stated after charging/(crediting):	£000	£000
Depreciation of intangible assets	126	-
Depreciation of tangible assets (owned assets)	7,431	8,588
Depreciation of tangible assets (right of use assets)	246	424
Research and development expenditure	1,693	1,881
Impairment of tangible assets	-	18,396
Inventory recognised as an expense	88	190
Impairment of trade receivables	12	7
Exceptional items	1,470	106

#### Auditor's remuneration

- payable to the Company's auditor for the Company's annual accounts	78	108
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Exceptional operating items include £1.1m in respect of reorganisation costs (2020: £0.1m). All exceptional operating items are considered one off and non-recurring in nature. See further information in note 3.

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Notes to the financial statements (continued)

### 6. Other operating income

	2021	2020
	£000	£000
Grant income	297	-

This amount relates wholly and exclusively to the receipt of Government grants regarding the Coronavirus job retention scheme.

### 7. Finance expense

	2021	2020
	£000	£000
Interest payable – Intercompany	287	1,614
Unwinding of discount on lease liability	170	240
	457	1,854

### 8. Employee numbers and costs

	2021	2020
Average monthly number (including executive directors)	No	No
Management and administration	64	59
Test and workshop personnel	331	394
	395	453

	2021	2020
Costs (including executive directors)	£000	£000
Wages and salaries	17,511	18,643
Social security costs	1,759	1,882
Pension costs – defined contribution scheme (note 19)	1,060	1,135
	20,330	21,660

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Notes to the financial statements (continued)

### 9. Directors' emoluments

	2021	2020
	£000	£000
Emoluments	1,108	1,171
Pension Contributions	37	53
	1,145	1,224
	2021	2020
	£000	£000
Highest paid director's remuneration:		
Emoluments	726	491
Pension Contributions	20	20
	746	511
	2021	2020
	No	No
Members of a defined contribution scheme	3	1

No directors are accruing benefits under a defined benefit scheme. Two directors exercised share options during 2021 (2020: 2).

### 10. Taxation

	2021	As restated 2020
	£000	£000
<b>a) Tax charged in the income statement</b>		
<b>Current tax:</b>		
UK corporation tax	-	-
Current tax credit	-	-
Adjustments in respect of prior years	-	(1,213)
Total current tax credit	-	(1,213)
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(827)	(1,354)
Change in tax rates	205	208
Adjustment in respect of previous periods		1,293
Total deferred tax (credit)/charge	(622)	147
<b>Tax credit on loss</b>	(622)	(1,066)

## Notes to the financial statements (continued)

### 10. Taxation (continued)

#### b) Reconciliation of the total tax charge/(credit)

The tax credit for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are reconciled below:

	2021	As restated 2020
	£000	£000
<b>Loss before taxation</b>	(8,879)	(29,890)
Loss multiplied by the standard rate of the tax in the UK 19%	(1,687)	(5,679)
Non-deductible expenditure	269	868
Group relief	-	3,433
Change in tax rate	(244)	208
Other current year items	(6)	24
Deferred tax not recognised	1,046	-
Adjustments to tax credit in respect of prior years	-	80
<b>Total tax credit reported in the income statement</b>	(622)	(1,066)

#### c) Tax relating to items charged or (credited) to the Statement of Other Comprehensive Income

	2021	2020
	£000	£000
Deferred tax		
Net gain on revaluation of cash flow hedges	-	14
Total deferred charge	-	14
<b>Total tax charge</b>	-	14

#### Tax relating to items charged to the Statement of Changes in Equity

	2021	2020
	£000	£000
Deferred tax		
Total deferred charge/(credit)	-	-
<b>Total tax charge/(credit)</b>	-	-

#### d) Change in corporation tax rate

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. The proposal to increase the rate to 25% was substantively enacted on 24 May 2021, before the Balance Sheet date, and therefore, its effects are included in these financial statements. The tax rate for the current period is consistent with the prior period (19%). The deferred tax balance has however been remeasured using the enacted tax rate of 25%.

Millbrook Proving Ground Limited  
Year Ended 31 December 2021

## Notes to the financial statements (continued)

### 10. Taxation (continued)

#### e) Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021	As restated 2020
	£000	£000
<b>Deferred tax liability</b>		
Temporary differences relating to tangible assets	-	650
	-	650
<b>Deferred tax asset</b>		
Other temporary differences	-	(28)
	-	(28)
<b>Disclosed on the balance sheet</b>		
Deferred tax liability	-	622

The company has unrecognised tax losses of £2,139k, which does not expire.

### 11. Intangible assets

	Computer Software
Cost	£000
At 1 January 2021	-
Transfers from tangible assets	987
Disposals	(17)
<b>At 31 December 2021</b>	<b>970</b>
<b>Accumulated amortisation</b>	
At 1 January 2021	-
Transfers from tangible assets	711
Charge for the year	126
Disposals	(12)
<b>At 31 December 2021</b>	<b>825</b>
<b>Carrying amount</b>	
<b>At 31 December 2021</b>	<b>145</b>
At 31 December 2020	-

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## Notes to the financial statements (continued)

### 12. Tangible assets

	Freehold land and buildings	Plant and machinery	Assets in the course of construction	Total
Cost	£000	£000	£000	£000
At 1 January 2021	41,329	84,141	7,170	132,640
Additions	22	79	6,533	6,634
Transfer to Intangible assets	-	(987)	-	(987)
Transfers	2,930	6,070	(9,000)	-
Disposals	(682)	(920)	-	(1,602)
<b>At 31 December 2021</b>	<b>43,599</b>	<b>88,383</b>	<b>4,703</b>	<b>136,685</b>
<b>Accumulated depreciation and Impairment</b>				
At 1 January 2021	16,340	42,726	-	59,066
Charge for the year	1,419	6,258	-	7,677
Transfers to Intangibles assets	-	(711)	-	(711)
Disposals	(682)	(895)	-	(1,577)
<b>At 31 December 2021</b>	<b>17,077</b>	<b>47,378</b>	<b>-</b>	<b>64,455</b>
<b>Carrying amount</b>				
<b>At 31 December 2021</b>	<b>26,522</b>	<b>41,005</b>	<b>4,703</b>	<b>72,230</b>
At 31 December 2020	24,989	41,415	7,170	73,574

Included within tangible assets are the following right of use assets:

	Freehold land and buildings	Plant and machinery	Total
Cost	£000	£000	£000
At 1 January 2021	4,936	1,077	6,013
Additions	22	53	75
<b>At 31 December 2021</b>	<b>4,958</b>	<b>1,130</b>	<b>6,088</b>
<b>Accumulated depreciation and Impairment</b>			
At 1 January 2021	4,936	589	5,525
Charge for the year	3	243	246
<b>At 31 December 2021</b>	<b>4,939</b>	<b>832</b>	<b>5,771</b>
<b>Carrying amount</b>			
<b>At 31 December 2021</b>	<b>19</b>	<b>298</b>	<b>317</b>
At 31 December 2020	-	488	488

The Company had £1,900,000 of land that was not depreciated at 31 December 2021 (2020: £1,900,000).



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## Notes to the financial statements (continued)

### 13. Inventories

	2021	2020
Inventory:	£000	£000
Finished goods and goods for resale	199	220
Raw materials and consumables	660	651
	859	871

There is no material difference between the statement of financial position value of inventories and their replacement cost.

Inventories are stated after provisions for impairment of £44,637 (2020: £60,048).

### 14. Trade and other receivables

	2021	2020
Current:	£000	£000
Trade receivables	6,189	5,684
Amounts owed by fellow group undertakings	2,499	5,748
Other debtors	597	843
Prepayments	1,052	961
Accrued income	2,607	1,407
	12,944	14,643

Amounts owed by fellow group undertakings are unsecured, interest free and repayable on demand.

Trade receivables are stated after provisions for impairment of £44,016 (2020: £30,566).

### 15. Cash and cash equivalents

	2021	2020
Current:	£000	£000
Cash and cash equivalents	2,956	571
	2,956	571

Millbrook Proving Ground Limited  
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## Notes to the financial statements (continued)

### 16. Trade and other payables

	2021	2020
Current:	£000	£000
Bank overdraft	-	1,879
Trade payables	3,959	901
Amounts owed to fellow group undertakings	32,407	64,969
Accruals	4,368	4,070
Other creditors	34	1,217
Deferred income	1,817	1,513
	42,585	74,549

Included within amounts owed to fellow group undertakings are amounts repayable on demand of £32,407,000 (2020: £64,178,000). Of this amount, £31,720,000 is under a loan agreement with a final maturity date of 30 March 2028, however, is also payable on demand. These amounts are owed to the Company's parent company; UTAC Holding with interest charged at 1%.

Trade and other payables approximates to its carrying value.

	2021	2020
Non-Current:	£000	£000
Amounts owed to fellow group undertakings	-	9,249
	-	9,249

Included within amounts owed to fellow group undertakings are amounts repayable within 5 years of £nil (2020: £9,249,000).

### 17. Lease liabilities

	2021	
2021 Undiscounted lease liability maturity analysis under IFRS 16	Property	Plant and machinery
	£000	£000
Within one year	384	250
More than one year but less than five years	1,591	85
Greater than five years	4,607	-
Total undiscounted lease payments at 31 December	6,582	335

	2020	
2020 Undiscounted lease liability maturity analysis under IFRS 16	Property	Plant and machinery
	£000	£000
Within one year	378	252
More than one year but less than five years	1,556	201
Greater than five years	4,607	-
Total undiscounted lease payments at 31 December	6,541	453

Millbrook Proving Ground Limited  
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## Notes to the financial statements (continued)

### 18. Provisions

	Warranty provisions
Current:	
Cost	£000
At 1 January 2021	174
Released during the year	(27)
Utilised during the year	-
At 31 December 2021	147

Warranties are provided on vehicle modification related revenue prior to 1<sup>st</sup> January 2020. After this date, no further revenue was generated from this type of service as it was then performed by UTAC Special Vehicles UK Limited.

### 19. Pensions

The Company operates a defined contribution pension scheme. The scheme and its assets are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1,060,000 for the year (2020: £1,135,000). There were no contributions payable to the fund and included in payables at the year-end (2020: nil).

### 20. Share Capital and reserves

	2021	2020
Called up, allotted and fully paid:	£000	£000
4,440,752 (2020: 4,440,752) ordinary shares of £1 each	4,441	4,441

### 21. Lease arrangements – receivable

Property	2021	2020
	£000	£000
Within one year	781	573
More than 1 year but less than five years	1,207	1,151
	1,988	1,724

### 22. Capital commitments

	2021	2020
	£000	£000
Contracts for capital expenditure not provided	2,549	2,964

The full amount of the contractual commitments disclosed above are for the acquisition of property, plant and equipment.

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## Notes to the financial statements (continued)

### 23. Prior period adjustment

The tax calculations for the year ending 31 December 2020 incorrectly omitted the impact of an impairment charge to property, plant and equipment, hence the deferred tax liability was overstated by £1,586,000. The impact of the correction has been to reduce the deferred tax liability by £1,586,000 and to reduce the tax charge by the same amount. The effect on the primary financial statements is as follows:

	As previously reported £000	Adjustment £000	As restated £000
<b>Effects of adjustment on financial statements</b>			
<b>Income Statement</b>			
Taxation	(520)	1,586	1,066
Loss after tax for the year	(30,410)	1,586	(28,824)
<b>Statement of Comprehensive Income</b>			
Loss for the year	(30,410)	1,586	(28,824)
Total comprehensive expense for the year	(30,350)	1,586	(28,764)
<b>Statement of Changes in Equity</b>			
Loss for the year	(30,410)	1,586	(28,824)
Total equity	(1,786)	1,586	(200)
<b>Statement of Financial Position</b>			
Deferred tax liabilities	(2,208)	1,586	(622)
Retained earnings	(18,949)	1,586	(17,363)
Total equity	(1,786)	1,586	(200)

There is no impact on periods prior to 31 December 2020.

### 24. Related party transactions

As a qualifying entity, the company has taken advantage of the disclosure exemptions of FRS 101 Section 8(k).

### 25. Controlling party

The Company's immediate parent company at the 31 December 2021 is Maple Acquisition Co Limited and ultimate parent company and controlling party is Eurazeo SE, which is incorporated in France. The consolidated accounts of this company are available to the public and may be obtained from:

Eurazeo  
1 Rue Georges Berger  
75017  
Paris  
France