

Strategic Report, Report of the Director and
Financial Statements for the Year Ended 31 December 2022
for
Millbrook Proving Ground Limited



Millbrook Proving Ground Limited

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for the Year Ended 31 December 2022

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Millbrook Proving Ground Limited

Company Information
for the Year Ended 31 December 2022

DIRECTOR: C McCormack

REGISTERED OFFICE: Millbrook
Station Lane
Bedford
Bedfordshire
MK45 2JQ

REGISTERED NUMBER: 02230262 (England and Wales)

AUDITORS: Moore
Chartered Accountants and Statutory Auditor
30 Gay Street
Bath
BA1 2PA

BANKERS: National Westminster
PO Box 34
15 Bishopsgate
London
EC2P 2AP

Millbrook Proving Ground Limited

Strategic Report
for the Year Ended 31 December 2022

The director presents his strategic report for the year ended 31 December 2022.

The Company was a wholly owned subsidiary of UTAC Group SAS during the year ended 31 December 2022, 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.

Millbrook Proving Ground Limited

Strategic Report
for the Year Ended 31 December 2022

BUSINESS REVIEW

The Company's revenue for the year ended 31 December 2022 was £38.2m compared with £33.0m for the year ended 31 December 2021. The revenue increase in the year was the result of increased customer demands for battery durability tests, driven by the growth in the electric vehicle market. The Company witnessed an increase in demand for powertrain services as customers continue to upgrade existing and develop new powertrains. Revenue was further impacted by an increase in customers events bookings which doubled in the year compared to 2021.

EBITDA for the year ended 31 December 2022 was £1.7m, an increase of £0.9m compared to the year ending 31 December 2021, which had an EBITDA of £0.8m. The increase is due to a combination of a £5.2m increase in revenue, followed by a £1.3m increase in utilities and facilities costs. Also, £3m increase in people cost and a further of £0.1m in business overhead expenses. EBITDA is defined and reconciled in note 2 to the financial statements.

Operating loss for the year ended 31 December 2022 was £7.2m, an improvement of £1.2m compared to the prior year endings 31 December 2021 of £8.4m. This improvement is principally from additional margin taken from an increase in revenue.

The Company continued with its programme of capital investment during the year recognising £5m of fixed asset additions (2021: £6.6m). During the year it commissioned additional test equipment within the battery cycling, vehicle emissions, engine test and vehicle measurement departments with the view to continue to meet ever changing ongoing customer requirements. A key capital investment in the period is the commissioning of 2 new battery test cells which further increases the testing capacity from 12 cells to 14, a strong order book in this area encouraged the expansion, allowing the Company to further solidify itself in the battery testing market. Further investments in infrastructure improvements in relation to power capacity upgrades with the aim to support future testing across the site, especially in the areas of battery test and other electrification related work. The Company also had additions in IT software with the implementation of a new ERP system rolled out in 2022 which improved and streamlined business process across the group. Further electric vehicle chargers were purchased across the site to keep pace with the transition from traditional internal combustion engines to other propulsion methods.

The Company had net assets of £33.0m as at 31 December 2022 (2021: £41.5m), with £2.4m (2021: £3m) of this as cash and cash equivalents.

Millbrook Proving Ground Limited

Strategic Report

for the Year Ended 31 December 2022

PRINCIPAL RISKS AND UNCERTAINTIES

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

- 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

Strategic Report

for the Year Ended 31 December 2022

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 the 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.

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, strategy, capital investment and the ongoing management of the current economic situation.

Millbrook Proving Ground Limited

Strategic Report
for the Year Ended 31 December 2022

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 £32.1m (2021: £26.3m) as a result of intercompany payables of £40.3m 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.

Millbrook Proving Ground Limited

Strategic Report
for the Year Ended 31 December 2022

KEY PERFORMANCE INDICATORS

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

KPI	2022 £000	2021 £000
Revenue	38,232	33,047
Revenue growth	16%	(5.1%)
EBITDA	1,697	851
Net Assets	33,010	41,543

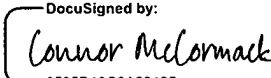
See Note 2 for definition of EBITDA

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 a 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
- 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.

ON BEHALF OF THE BOARD:

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C McCormack - Director

28/9/2023 | 01:48 PDT
Date:

Millbrook Proving Ground Limited

Report of the Director
for the Year Ended 31 December 2022

The director presents his report with the financial statements of the Company for the year ended 31 December 2022.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022.

DIRECTORS

C McCormack has held office during the whole of the period from 1 January 2022 to the date of this report.

Other changes in directors holding office are as follows:

P Arbel and M O Hughes ceased to be directors after 31 December 2022 but prior to the date of this report.

RESULTS AND DIVIDENDS

The Company made a loss after tax in the year of £8.5m (2021: loss of £8.3m).

During the year, the Company, did not pay a dividend to its parent Company (2021: £nil).

The Directors do not recommend payment of a dividend.

EMPLOYEE INVOLVEMENT AND ENGAGEMENT

The Director 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 A DISABLED PERSON

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

The semi-conductor crisis of 2021 appears to have subsided marginally in 2022 as the Company witnessed a recovery in customers demand in the period resulting in increased revenue. The Company continue to position itself to benefit from the growing electric vehicle market through further investments in assets to meet demands for battery systems testing and related technological advancements.

Millbrook Proving Ground Limited

Report of the Director
for the Year Ended 31 December 2022

RESEARCH AND DEVELOPMENT

During 2022, 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.

- Hydrogen Mobility

The design and development of expertise and business processes to offer services to customers within the hydrogen-powered vehicles industry. VTEC (Variable Temperature Emissions Chamber) facility opened in 2021 was equipped to enable the performance assessment of alternative fuel powered trucks, including hydrogen fuel cells. The Company has organised a Tech Day entirely dedicated to hydrogen with a selection of speakers and experts for 2023.

MATTERS COVERED IN THE STRATEGIC REPORT

The financial risk management policies section and the engagement with supplies, 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.

Millbrook Proving Ground Limited

Report of the Director
for the Year Ended 31 December 2022

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, Moore, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

DocuSigned by:

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C McCormack - Director

Date: 28/9/2023 | 01:48 PDT

Report of the Independent Auditors 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 2022 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity 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 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Report of the Independent Auditors to the Members of
Millbrook Proving Ground Limited

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page ten, the director is 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 director determines 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 director is 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 director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Report of the Independent Auditors to the Members of
Millbrook Proving Ground Limited

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 a Report of the Auditors 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.

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

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Company.

Our approach was as follows:

We obtained an understanding of the legal and regulatory requirements applicable to the Company and considered that the most significant are the Companies Act 2006, UK Financial Reporting Standards and UK taxation legislation.

We obtained an understanding of how the Company complies with these requirements by discussions with management and those charged with governance.

We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Report of the Independent Auditors to the Members of
Millbrook Proving Ground Limited

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 a Report of the Auditors 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.

DocuSigned by:

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Mark Powell (Senior Statutory Auditor)
for and on behalf of Moore
Chartered Accountants and Statutory Auditor
30 Gay Street
Bath
BA1 2PA

28/9/2023 | 11:30 BST
Date:

Millbrook Proving Ground LimitedIncome Statementfor the Year Ended 31 December 2022

	Notes	31.12.22 £'000	31.12.21 £'000
TURNOVER	4	38,232	33,047
Cost of sales		<u>10,767</u>	<u>10,704</u>
GROSS PROFIT		27,465	22,343
Administrative expenses		<u>34,714</u>	<u>31,062</u>
		(7,249)	(8,719)
Other operating income	5	<u>4</u>	<u>297</u>
OPERATING LOSS		(7,245)	(8,422)
Interest payable and similar expenses	7	<u>1,288</u>	<u>457</u>
LOSS BEFORE TAXATION		(8,533)	(8,879)
Tax on loss	9	<u>-</u>	<u>(622)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(8,533)</u>	<u>(8,257)</u>

The notes form part of these financial statements

Millbrook Proving Ground LimitedOther Comprehensive Income
for the Year Ended 31 December 2022

	Notes	31.12.22 £'000	31.12.21 £'000
LOSS FOR THE YEAR		(8,533)	(8,257)
OTHER COMPREHENSIVE INCOME		—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(8,533)</u>	<u>(8,257)</u>

The notes form part of these financial statements

Millbrook Proving Ground Limited (Registered number: 02230262)Statement of Financial Position
31 December 2022

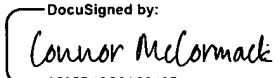
	Notes	31.12.22 £'000	31.12.21 £'000
FIXED ASSETS			
Owned			
Intangible assets	10	436	145
Tangible assets	11	68,464	71,911
Right-of-use			
Tangible assets	11, 17	<u>348</u>	<u>318</u>
		69,248	72,374
CURRENT ASSETS			
Stocks	12	885	859
Debtors	13	15,027	12,944
Cash at bank and in hand		<u>2,442</u>	<u>2,956</u>
		18,354	16,759
CREDITORS			
Amounts falling due within one year	14	<u>50,447</u>	<u>43,026</u>
NET CURRENT LIABILITIES		<u>(32,093)</u>	<u>(26,267)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		37,155	46,107
CREDITORS			
Amounts falling due after more than one year	15	(4,145)	(4,417)
PROVISIONS FOR LIABILITIES	18	<u>-</u>	<u>(147)</u>
NET ASSETS		<u>33,010</u>	<u>41,543</u>

The notes form part of these financial statements

Millbrook Proving Ground Limited (Registered number: 02230262)Statement of Financial Position - continued31 December 2022

	Notes	31.12.22 £'000	31.12.21 £'000
CAPITAL AND RESERVES			
Called up share capital	19	4,441	4,441
Share premium	20	58,730	58,730
Merger reserve	20	3,992	3,992
Retained earnings	20	<u>(34,153)</u>	<u>(25,620)</u>
SHAREHOLDERS' FUNDS		<u>33,010</u>	<u>41,543</u>

The financial statements were approved by the director and authorised for issue on 28/9/2023 at 01:48 PM and were signed by:

DocuSigned by:

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 C McCormack - Director

The notes form part of these financial statements

Millbrook Proving Ground LimitedStatement of Changes in Equity
for the Year Ended 31 December 2022

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Merger reserve £'000	Total equity £'000
Balance at 1 January 2021	4,441	(17,363)	58,730	3,992	49,800
Changes in equity					
Total comprehensive income	-	(8,257)	-	-	(8,257)
Balance at 31 December 2021	<u>4,441</u>	<u>(25,620)</u>	<u>58,730</u>	<u>3,992</u>	<u>41,543</u>
Changes in equity					
Total comprehensive income	-	(8,533)	-	-	(8,533)
Balance at 31 December 2022	<u>4,441</u>	<u>(34,153)</u>	<u>58,730</u>	<u>3,992</u>	<u>33,010</u>

The notes form part of these financial statements

Millbrook Proving Ground Limited

Notes to the Financial Statements
for the Year Ended 31 December 2022

1. STATUTORY INFORMATION

Millbrook Proving Ground Limited is a private Company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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 and 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.

Millbrook Proving Ground Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
- the requirements of paragraph 24(6) of IFRS 6 Exploration for and Evaluation of Mineral Resources;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
the requirements of paragraph 58 of IFRS 16;
- 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 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 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;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

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 12 months from the date of signing of 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.

Millbrook Proving Ground Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

The Company has net current liabilities of £32.0m (2021: £26.3m) as a result of intercompany payables of £40.3m which are repayable on demand. As a result, the Company is reliant on the continued financial support of an intermediate parent Company, UTAC Holding Limited and it received written confirmation from UTAC Holdings Limited of its intention to support the Company for a period of at least 12 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.

Revenue

Revenue represents amounts receivable for services provided in the course of the 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 at 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.

Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less an accumulated depreciation 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
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Millbrook Proving Ground LimitedNotes to the Financial Statements - continued
for the Year Ended 31 December 2022**2. ACCOUNTING POLICIES - continued****Tangible fixed 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.

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

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

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 amount 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.

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 include 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.

Millbrook Proving Ground Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Foreign currencies

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 "Pound 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 LimitedNotes to the Financial Statements - continued
for the Year Ended 31 December 2022**2. ACCOUNTING POLICIES - continued****Leases**

The Company assess 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 arrangements in which it is the lease, 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 expenses on a straight-line bases 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.

Millbrook Proving Ground Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Employee benefit costs

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..

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.

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.

Millbrook Proving Ground Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Cash and cash equivalents

Cash and cash equivalents comprise of 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.

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 comparative 2021 year related to HMRC Coronavirus Job Retention Scheme are accounted for in other operating income in the period to which the claim relates.

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 or 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 and 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 receivable, the Company applies the simplified approach permitted by IFRS9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Millbrook Proving Ground Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued
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 items provides stakeholders with additional useful information to further assess the period-on-period trading performance. This includes items such as restructuring costs.

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 a finance expense.

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.

Alternative Performance Measures

Millbrook Proving Ground Limited uses measures to enable management and stakeholders to better assess the underlying trading performance of the business 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.

Millbrook Proving Ground LimitedNotes to the Financial Statements - continued
for the Year Ended 31 December 2022**2. ACCOUNTING POLICIES - continued**

The key APM that the Company uses is EBITDA. Explanations of how this is 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 items 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 purchases 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)

	2022	2021
	£000	£000
EBITDA		
Operating loss	(7,245)	(8,422)
Depreciation	8,052	7,677
Amortisation	111	126
Impairment of fixed assets	12	-
Restructuring costs from significant programmes	767	1,470
EBITDA	1,697	851

Millbrook Proving Ground Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

3. 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 period 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 recognised. As at 31 December 2022 there was revenue of £3.6m accrued on the balance sheet, in relation to ongoing contracts that had yet to be complete (2021: £3.0m).

(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 debtor's management considers factors including the current credit rating of the debtor, the age profile of debtors and historical experience.

Millbrook Proving Ground LimitedNotes to the Financial Statements - continued
for the Year Ended 31 December 2022**4. TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the Company.

An analysis of turnover by class of business is given below:

	31.12.22	31.12.21
	£'000	£'000
Events	4,154	2,009
Track test and development	4,325	5,037
Laboratory testing and other	<u>29,753</u>	<u>26,001</u>
	<u><u>38,232</u></u>	<u><u>33,047</u></u>

An analysis of turnover by geographical market is given below:

	31.12.22	31.12.21
	£'000	£'000
United Kingdom	34,316	29,570
Europe	2,572	2,717
United States of America	205	153
Asia	1,084	595
Rest of world	<u>55</u>	<u>12</u>
	<u><u>38,232</u></u>	<u><u>33,047</u></u>

5. OTHER OPERATING INCOME

	31.12.22	31.12.21
	£'000	£'000
Sundry receipts	4	-
Government grants	<u>-</u>	<u>297</u>
	<u><u>4</u></u>	<u><u>297</u></u>

Millbrook Proving Ground LimitedNotes to the Financial Statements - continued
for the Year Ended 31 December 2022**6. EMPLOYEES AND DIRECTORS**

	2022	2021
	£000	£000
Average monthly number (including executive directors)		
Management and administration	64	64
Test and workshop personnel	<u>328</u>	<u>331</u>
	392	395

	2022	2021
	£000	£000
Costs (including executive directors)		
Wages and salaries	17,300	17,511
Social security costs	1,882	1,759
Pension costs - defined contribution scheme	<u>1,071</u>	<u>1,060</u>
	20,253	20,330

	2022	2021
	£000	£000
Emoluments	805	1,108
Pension contributions	<u>34</u>	<u>37</u>
	839	1,145

	2022	2021
	£000	£000
Highest paid director's remuneration;		
Emoluments	615	726
Pension contributions	20	20

	2022	2021
	No	No
Members of a defined contribution scheme	2	3

No directors are accruing benefits under a defined benefit scheme. Two directors exercised share options during 2021.

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.22	31.12.21
	£'000	£'000
Interest payable -intercompany	1,095	287
Unwinding of discount on lease liability	<u>193</u>	<u>170</u>
	<u>1,288</u>	<u>457</u>

Millbrook Proving Ground LimitedNotes to the Financial Statements - continued
for the Year Ended 31 December 2022**8. LOSS BEFORE TAXATION**

The loss before taxation is stated after charging:

	31.12.22	31.12.21
	£'000	£'000
Cost of inventories recognised as expense	10,767	10,704
Depreciation - owned assets	8,047	7,433
Depreciation - assets on hire purchase contracts or finance leases	5	246
Loss on disposal of fixed assets	9	-
Computer software amortisation	111	-
Auditors' remuneration - accounts	171	78
Foreign exchange differences	83	-
Inventory recognised as an expense	12	88
Research and development expenditure	1,524	1,693
Impairment of trade receivables	37	12
Exceptional items	<u>767</u>	<u>1,470</u>

9. TAXATION**Analysis of tax income**

	31.12.22	31.12.21
	£'000	£'000
Deferred tax	<u>-</u>	<u>(622)</u>
Total tax income in income statement	<u>-</u>	<u>(622)</u>

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.22	31.12.21
	£'000	£'000
Loss before income tax	<u>(8,533)</u>	<u>(8,879)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(1,621)	(1,687)
Effects of:		
Non-deductible expenditure	1,557	269
Change in tax rate	-	(244)
Other current year items	(1,336)	(6)
Deferred tax not recognised	1,339	1,046
Group relief	<u>61</u>	<u>-</u>
Tax income	<u>-</u>	<u>(622)</u>

Millbrook Proving Ground LimitedNotes to the Financial Statements - continued
for the Year Ended 31 December 2022**9. TAXATION - continued**

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 2021 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%.

10. INTANGIBLE FIXED ASSETS

	Computer software £'000
COST	
At 1 January 2022	970
Reclassification/transfer	<u>402</u>
At 31 December 2022	<u>1,372</u>
AMORTISATION	
At 1 January 2022	825
Amortisation for year	<u>111</u>
At 31 December 2022	<u>936</u>
NET BOOK VALUE	
At 31 December 2022	<u><u>436</u></u>
At 31 December 2021	<u><u>145</u></u>

Millbrook Proving Ground LimitedNotes to the Financial Statements - continued
for the Year Ended 31 December 2022**11. TANGIBLE FIXED ASSETS**

	Freehold property £'000	Plant and machinery £'000	Assets in the course of construction £'000	Totals £'000
COST				
At 1 January 2022	43,599	88,383	4,703	136,685
Additions	-	35	5,000	5,035
Disposals	-	(21)	-	(21)
Reversal of impairments	1,042	824	-	1,866
Reclassification/transfer	<u>5,353</u>	<u>1,954</u>	<u>(7,710)</u>	<u>(403)</u>
At 31 December 2022	<u>49,994</u>	<u>91,175</u>	<u>1,993</u>	<u>143,162</u>
DEPRECIATION				
At 1 January 2022	17,078	47,378	-	64,456
Charge for year	1,575	6,477	-	8,052
Eliminated on disposal	-	(12)	-	(12)
Impairments	-	(12)	-	(12)
Reversal of impairments	<u>1,042</u>	<u>824</u>	<u>-</u>	<u>1,866</u>
At 31 December 2022	<u>19,695</u>	<u>54,655</u>	<u>-</u>	<u>74,350</u>
NET BOOK VALUE				
At 31 December 2022	<u>30,299</u>	<u>36,520</u>	<u>1,993</u>	<u>68,812</u>
At 31 December 2021	<u>26,521</u>	<u>41,005</u>	<u>4,703</u>	<u>72,229</u>

Included in cost of land and buildings is freehold land of £1,900,000 (2021 - £1,900,000) which is not depreciated.

The reversal of impairment relates to a 2006 transaction where assets were transferred from Land & Co Company to Millbrook. The carrying value (net of depreciation) was transferred as the addition to cost. In the asset register the assets were correctly transferred at original cost and accumulated depreciation. These assets are still in use, so the correct initial cost and accumulated depreciation has been added back this year to reflect the gross amounts in the accounts. There is nil impact on the Net Book Value (NBV) of these assets.

Millbrook Proving Ground LimitedNotes to the Financial Statements - continued
for the Year Ended 31 December 2022**12. STOCKS**

	31.12.22	31.12.21
	£'000	£'000
Raw materials	703	661
Finished goods	<u>182</u>	<u>198</u>
	<u>885</u>	<u>859</u>

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

Inventories are stated after provisions for impairment of £23,113 (2021: £44,637).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22	31.12.21
	£'000	£'000
Trade debtors	6,423	6,189
Amounts owed by group undertakings	1,445	2,499
Other debtors	804	597
Accrued income	3,652	2,607
Prepayments	<u>2,703</u>	<u>1,052</u>
	<u>15,027</u>	<u>12,944</u>

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

Trade receivables are stated after provisions for impairment of £173,611 (2021: £44,016).

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22	31.12.21
	£'000	£'000
Leases (see note 16)	305	442
Trade creditors	1,684	3,958
Amounts owed to group undertakings	40,293	32,407
Other creditors	12	34
Accrued expenses	5,540	4,368
Deferred income	<u>2,613</u>	<u>1,817</u>
	<u>50,447</u>	<u>43,026</u>

Millbrook Proving Ground LimitedNotes to the Financial Statements - continued
for the Year Ended 31 December 2022**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

Included within amounts owed to fellow group undertakings are amounts repayable on demand of £40,293,000 (2021: £32,407,000). Of this amount, £31,720,000 (2021:£31,720,000) is under a loan agreement with a final maturity date of 30 March 2028, however, The loan can be payable on demand at the lenders discretion. The Company have received confirmation this will not occur for at least 12 months from the date of signing these financial statements. These amounts are owed to the Company's parent Company, UTAC Holding Limited with interest charged at 5.8% (2021: 1%).

Trade and other payables approximates to its carrying value.

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

	31.12.22	31.12.21
	£'000	£'000
Leases (see note 16)	<u>4,145</u>	<u>4,417</u>

16. FINANCIAL LIABILITIES - BORROWINGS

	31.12.22	31.12.21
	£'000	£'000
Current:		
Leases (see note 17)	<u>305</u>	<u>442</u>
Non-current:		
Leases (see note 17)	<u>4,145</u>	<u>4,417</u>

Terms and debt repayment schedule

	1 year or less	1-2 years	More than 5 years	Totals
	£'000	£'000	£'000	£'000
Leases	<u>305</u>	<u>1,010</u>	<u>3,135</u>	<u>4,450</u>

Millbrook Proving Ground LimitedNotes to the Financial Statements - continued
for the Year Ended 31 December 2022**17. LEASE LIABILITIES****Right-of-use assets****Tangible fixed assets**

	31.12.22	31.12.21
	£'000	£'000
COST		
At 1 January 2022	6,089	6,013
Additions	35	76
Reversal of impairments	<u>1,221</u>	<u>-</u>
	<u>7,345</u>	<u>6,089</u>
 DEPRECIATION		
At 1 January 2022	5,771	5,525
Charge for year	5	246
Reversal of impairments	<u>1,221</u>	<u>-</u>
	<u>6,997</u>	<u>5,771</u>
 NET BOOK VALUE	<u>348</u>	<u>318</u>

The reversal of impairment relates to a 2006 transaction where assets were transferred from Land & Co Company to Millbrook. The carrying value (net of depreciation) was transferred as the addition to cost. In the asset register the assets were correctly transferred at original cost and accumulated depreciation. These assets are still in use, so the correct initial cost and accumulated depreciation has been added back this year to reflect the gross amounts in the accounts. There is nil impact on the Net Book Value (NBV) of these assets.

Millbrook Proving Ground LimitedNotes to the Financial Statements - continued
for the Year Ended 31 December 2022**17. LEASE LIABILITIES - continued****Lease liabilities**

Minimum lease payments fall due as follows:

	31.12.22	31.12.21
	£'000	£'000
Gross obligations repayable:		
Within one year	486	634
Between one and five years	1,624	1,676
In more than five years	3,812	4,607
	<u>5,922</u>	<u>6,917</u>
Finance charges repayable:		
Within one year	181	192
Between one and five years	614	654
In more than five years	<u>677</u>	<u>1,212</u>
	<u>1,472</u>	<u>2,058</u>
Net obligations repayable:		
Within one year	305	442
Between one and five years	1,010	1,022
In more than five years	<u>3,135</u>	<u>3,395</u>
	<u>4,450</u>	<u>4,859</u>

18. PROVISIONS FOR LIABILITIES

	31.12.22	31.12.21
	£'000	£'000
Other provisions		
Warranty provision	<u>-</u>	<u>147</u>

Warranties were provided on vehicle modifications related revenue prior to 1st January 2021. After this date, no further revenue was generated from this type of service as it was then performed by UTAC Special Vehicles UK Limited.

Millbrook Proving Ground LimitedNotes to the Financial Statements - continued
for the Year Ended 31 December 2022**19. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.22 £'000	31.12.21 £'000
4,440,752	Ordinary	£1	<u>4,441</u>	<u>4,441</u>

20. RESERVES

	Retained earnings £'000	Share premium £'000	Merger reserve £'000	Totals £'000
At 1 January 2022	(25,620)	58,730	3,992	37,102
Deficit for the year	<u>(8,533)</u>			<u>(8,533)</u>
At 31 December 2022	<u>(34,153)</u>	<u>58,730</u>	<u>3,992</u>	<u>28,569</u>

21. PENSION COMMITMENTS

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 £1,071,000 (2021: £1,060,000) for the year. There were no contributions payable to the fund and included in payables at the year-end.

22. CAPITAL COMMITMENTS

	31.12.22 £'000	31.12.21 £'000
Contracted but not provided for in the financial statements	<u>1,995</u>	<u>2,549</u>

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

23. LEASE RECEIVABLES

Property	2022 £000	2021 £000
Within one year	1,181	781
More than 1 year but less than five years	<u>1,888</u>	<u>1,207</u>
	3,069	1,988

24. RELATED PARTY DISCLOSURES

As a qualifying entity, the Company has taken advantage of the disclosure exemptions of FRS101 Section 8(k).

Millbrook Proving Ground Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

25. CONTROLLING PARTY

The Company's immediate parent Company at the 31 December 2022 is UTAC 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

