

Millbrook Proving Ground Limited
Annual report and financial statements

Year ended 31 December 2020

Registered number: 02230262

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Officers and Professional Advisors

DIRECTORS

G.C. McCormack
M.O. Hughes
A.E.B. Nelson

REGISTERED OFFICE

Millbrook Proving Ground
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Bedford
MK45 2JQ
United Kingdom

BANKERS

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

AUDITOR

Deloitte LLP
Statutory Auditor
Abbots House
Abbey Street
Reading
Berkshire
RG1 3BD
United Kingdom

Strategic report

The Directors present the Strategic report, the Directors' report and the audited financial statements of Millbrook Proving Ground Limited ("the Company") for the year ended 31 December 2020.

Review of the Company's business

The Company was a wholly owned subsidiary of Spectris plc during the year ended 31 December 2020, 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 Millbrook 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 as Millbrook Venues hosts 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 organizational resilience reflected in its ISO 22301 accreditation.

Business Review

The Company's revenue for the year ended 31 December 2020 was £34,806,000 compared with £53,889,000 for the year ended 31 December 2019. Revenue reduced in the year as a result of the impact of the COVID-19 pandemic on our customers and in addition due to the transfer of a material customer contract to Millbrook Special Vehicles Limited, a sister company. The Directors expect a recovery in long-term revenues once the pandemic is brought under control.

EBITDA for the year ended 31 December 2020 was -£522,000, a decrease of £5,302,000 over the year ended 31 December 2019 of £4,780,000. The reduction in EBITDA was a direct consequence of the fall in revenue, offset by cost saving activities. Exceptional operating items for 2020 related primarily to impairment of tangible assets whereas in 2019 it related to restructuring costs. The impairment resulted from a review of tangible assets held across the group by its shareholder, Spectris plc alongside a review of the assets by the new owner upon finalization of the sale which particularly focused upon changes in the broader technological environment during the last 12 months. 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 2020 was £28,036,000, an increase of £25,611,000 over the operating loss for the year ended 31 December 2019 of £2,425,000. The year on year difference is due to an increase in depreciation of £2,928,000, an impairment at our Leyland site of £6,396,000 and an impairment at our Bedford site of £12,000,000. The remaining difference is due to a fall in revenue.

The Company continued with its programme of capital investment during the year recognising £14,451,000 of fixed asset additions (2019: £28,362,000). During the year it commissioned new testing assets designed to support its customers in a range of areas including the testing of Electric Vehicles and their associated components, of the Emissions from development engines and vehicles, and of Connected and Autonomous Vehicles. Funding for capital investment was provided by way of an intercompany loan from parent company Spectris plc.

The Company had net liabilities of £1,786,000 as at 31 December 2020 (2019: Net assets of £28,564,000), with £570,795 (2019: £2,774,000) of this as cash and cash equivalents.

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.

During the period between 31 December 2020 and the acquisition by UTAC CERAM on 1 February 2021, a number of restructuring steps were undertaken which had the effect of reducing and capitalizing the intercompany payable to Spectris Plc by £49,999,998. Consequently the net asset position has improved by a corresponding amount since the date of the accounts.

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 Millbrook are the skills, experience and technical capability 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. In October 2019, it carried out an employee engagement survey to assess the wellbeing and engagement of its employees. The Leadership Team reviewed the results of the survey and agreed a number of improvement actions.

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.

Customer service is one of Millbrook'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. Millbrook operates a key account management structure across the business to encourage meaningful, consistent and ongoing engagement with its customers.

The relationships with Millbrook's suppliers and partners are essential to the delivery of quality service to its customers and the

Strategic report (Continued)

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 Millbrook. 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.

Principal risks and uncertainties

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

- COVID-19: During 2020, the COVID19 pandemic had a profound impact on the activities of many of the Company's stakeholders, including customers and suppliers. This led to a significant reduction in revenue in the year. Nevertheless the Company was able to continue to trade through the broader crisis having swiftly taken steps to establish safe working practices for its employees and other stakeholders. The Directors expect the impact of the pandemic to be short-term in nature, believing the Company to be well-placed to provide automotive development testing services to its customers as new technologies continue to emerge in the sector. In response to the COVID19 pandemic, management took appropriate measures to safeguard the performance of the company, including through the implementation of cost-cutting measures;
- 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. In spite of the trading difficulties encountered in 2020, the Company did not suffer material credit losses;
- 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;
- Brexit: the Directors have keenly observed developments leading up to and following the UK's separation from the European Union which occurred on 31 December 2020. In spite of some minor supply chain disruption in the initial period following the separation, the company has not seen any impacts to date which it expects to have a material adverse impact on business performance in the longer term. This is expected to continue, although risk mitigation strategies have been prepared in case of future adverse consequences of the UK's changed status;
- 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.

Strategic report (Continued)

Key performance indicators

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

KPI	2020	2019
	£'000	£'000
Revenue	34,806	53,889
Revenue growth	(35.4%)	(7.1%)
EBITDA	(522)	4,780
Net (Liabilities)/Assets	(1,786)	28,564

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
- 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 9th August 2021 and signed on its behalf by:



A.E.B. Nelson
Director

Directors' report

The Directors of Millbrook Proving Ground Limited ("the Company") present the annual report on the affairs of the Company together with the financial statements and auditor's report for the year ended 31 December 2020.

Results and dividends

The Company made a loss after tax in the year of £30,410,000 (2019: loss of £3,355,000).

During the year, the Company did not pay a dividend to its parent company (2019: £nil).

The Directors are unable to recommend payment of a dividend.

Directors

The Directors who held office at the date of approval of the Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of 5418 of the Companies Act 2006.

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.

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

A.M. Burns (Resigned 18 September 2020)

M.O. Hughes

A.E.B Nelson

G.C. McCormack (Appointed 19 October 2020)

M. Flehner (Resigned 16 June 2020)

A. Cowan (Appointed 16 June 2020 and Resigned 1 February 2021)

Going Concern

The Company had net liabilities of £1,786,000 as at 31 December 2020 (2019: net assets of £28,564,000). The Directors have carried out a detailed review of cash flow projections covering 12 months from the approval of these financial statements. The company has net current liabilities of £59,091,000 (2019: £57,998,000) primarily as a result of an intercompany payable of £64,178,000, repayable on demand, with its parent company, as at 31 December 2020, Spectris plc.

During the period between 31 December 2020 and the acquisition by UTAC CERAM on 1 February 2021, a number of restructuring steps were undertaken which had the effect of reducing and capitalizing the intercompany payable to Spectris plc by £49,999,998. Consequently the net asset position/ net current asset position has improved by this amount since the date of the accounts.

The Directors are satisfied that the Company can generate sufficient cash flow from the existing business to meet its day to day obligations as they fall due and that this situation is likely to continue; however the company is dependent on the continued support of its ultimate parent company in order to achieve its longer term business growth targets. The Directors are further of the opinion that COVID-19, while presenting certain challenges to day-to-day working, is unlikely to have a significant impact on the Company's operations or financial performance in the medium-term.

Directors' report (Continued)

Nevertheless, the Directors' have taken appropriate steps to confirm the Company's continuing ability to access funding and liquidity from its Parent Company, UTAC Holding. As such the Directors are satisfied that the prevailing COVID-19 situation does not result in a departure from the Going Concern presumption that has been applied in preparing these accounts. Therefore, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. See note 1 for further details.

Employee Consultation

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.

Research and Development

During 2020, the Company continued to work on research and development projects on behalf of both its customers and itself.

Future developments

The future potential impact of the COVID-19 pandemic on the Company is not yet known and while the Directors expect it to be short-term in nature, it could be significant over the longer term. While the Company cannot currently quantify what the effects might be, it continues to monitor the pandemic and its impact, to ensure appropriate actions can be taken to mitigate risks to the Company.

Post balance sheet events

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. See note 21 for further details.

Auditor

The auditor, Deloitte LLP, will resign as a result of the change in ownership and PwC will be appointed under Section 487(2) of the Companies Act 2006.

Approved by the Board on 9th August 2021 and signed on its behalf by:



A.E.B. Nelson
Director

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Annual 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 of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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.

Independent Auditor's Report to the members of Millbrook Proving Ground Limited

Report on the audit of the financial statements

Opinion on financial statements

In our opinion the financial statements of Millbrook Proving Ground Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of financial position; and
- the related notes 1 to 21.

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).

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 Financial Reporting Council's (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 directors' 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 directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the members of Millbrook Proving Ground Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 respect of these matters.

Responsibilities of directors

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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act; and

Independent Auditor's Report to the members of Millbrook Proving Ground Limited (continued)

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Revenue recognition through inappropriate cut-off: challenged the appropriateness of accrued income recognised by agreeing a sample to supporting evidence demonstrating that a performance obligation has been met or partially met.
- Impairment of tangible assets: challenged management's impairment assessment by reviewing key inputs and assumptions. Performed sensitivity analysis on the year to date and expected future performance, relative to the CGU headroom. Evaluated other relevant external market data / expectations.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

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.

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 any material misstatements in the strategic report or the directors' report.

Independent Auditor's Report to the members of Millbrook Proving Ground Limited (continued)

Matters on which we are required to report by exception

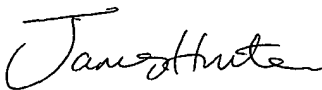
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

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.



James Hunter (FCA) (Senior Statutory Auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom
9th August 2021

Income Statement

For the year ended 31 December 2020

	Note	2020 £000	2019 £000
Revenue	3	34,806	53,889
Cost of sales		(10,485)	(22,971)
Gross profit		24,321	30,918
Administrative expenses		(52,357)	(33,343)
Operating profit before depreciation and non-recurring items		(522)	4,780
Depreciation		(9,012)	(6,084)
Impairment of tangible assets	9	(18,396)	-
Restructuring costs	4	(106)	(1,111)
Other		-	(10)
Operating loss	4	(28,036)	(2,425)
Finance expense	5	(1,854)	(1,820)
Loss before tax		(29,890)	(4,245)
Taxation	8	(520)	890
Loss after tax for the year attributable to owners of Parent Company		(30,410)	(3,355)

The results in the income statement relate entirely to continuing operations.

The notes on pages 18 to 36 form part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2020

	2020 £000	2019 £000
Loss for the year	(30,410)	(3,355)
Net gain/(loss) on effective portion of forward exchange contracts on cash flow hedges, net of tax	60	(65)
Total comprehensive expense for the year attributable to owners of Parent Company	(30,350)	(3,420)

Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital	Share premium	Hedging reserve	Merger reserve	Retained earnings	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	-	-	-	-	(30,410)	(30,410)
Other comprehensive Income	-	-	60	-	-	60
Total comprehensive (expense)/ income for the year	-	-	60	-	(30,410)	(30,350)
Balance at 31 December 2020	4,441	8,730	-	3,992	(18,949)	(1,786)

	Share capital	Share premium	Hedging reserve	Merger reserve	Retained earnings	Total equity
For the year ended 31 December 2019	£000	£000	£000	£000	£000	£000
Balance at 1 January 2019	4,441	8,730	5	3,992	14,953	32,121
Adoption of IFRS 16, net of tax	-	-	-	-	(137)	(137)
Balance at 1 January 2019 (restated)	4,441	8,730	5	3,992	14,816	31,984
Loss for the year	-	-	-	-	(3,355)	(3,355)
Other comprehensive expense	-	-	(65)	-	-	(65)
Total comprehensive expense for the year	-	-	(65)	-	(3,355)	(3,420)
Balance at 31 December 2019	4,441	8,730	(60)	3,992	11,461	28,564

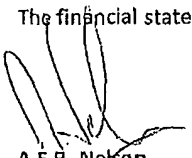
Statement of Financial Position

As at 31 December 2020

		2020	Restated 2019
	Note	£000	£000
ASSETS			
Non-current assets			
Property, plant and equipment	9	73,574	91,544
		73,574	91,544
Current assets			
Inventories	10	871	788
Trade and other receivables	11	14,643	16,200
Cash and cash equivalents		571	2,774
		16,085	19,762
TOTAL ASSETS		89,659	111,306
LIABILITIES			
Current liabilities			
Trade and other payables	12	(74,549)	(66,940)
Lease liabilities		(627)	(685)
		(75,176)	(67,625)
Net current liabilities		(59,091)	(47,863)
Non-current liabilities			
Deferred tax liabilities	8	(2,208)	(461)
Trade and other payables	12	(9,249)	(9,319)
Lease liabilities		(4,638)	(5,024)
Provisions	13	(174)	(313)
		(16,269)	(15,117)
TOTAL LIABILITIES		(91,445)	(82,742)
NET (LIABILITIES)/ASSETS		(1,786)	28,564
EQUITY			
Share capital	15	4,441	4,441
Share premium		8,730	8,730
Hedging reserve		-	(60)
Merger reserve	15	3,992	3,992
Retained earnings		(18,949)	11,461
Total equity attributable to equity holders of Parent Company		(1,786)	28,564

The notes on pages 18 to 36 form part of these financial statements.

The financial statements were approved by the Board of Directors on 9th August 2021 and were signed on its behalf by:


A.E.B. Nelson
Director

Notes to the financial statements

1. Basis of preparation

The financial statements of Millbrook Proving Ground Limited were approved for issue by the Board of Directors on August 2021.

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.

a) 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.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent company, Spectris plc, was notified and did not object to the use of disclosure exemptions.

The Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- IFRS 2 Share Based Payments in respect of Group-settled share based payments;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- Certain disclosures required by IFRS 15 Revenue from Contracts with Customers;
- Certain disclosures required by IFRS 16 Leases.

As the consolidated financial statements of Spectris plc include the disclosures equivalent to those required by FRS101, the Company has also taken the exemption available in respect of certain disclosures required by FRS101.

- Basic Financial Instruments, and
- Other financial instruments in respect of financial instruments not falling within the fair value and accounting rules of paragraph 36(4) of schedule 1.
 - Financial Instrument disclosures, include:
 - categories of financial instruments,
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks.

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 2020 and have been applied consistently to all years presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis except that derivatives are stated at their fair value.

As the Company was a wholly owned subsidiary of Spectris plc 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.

Going concern

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The Directors are of the opinion that COVID-19, while presenting certain challenges to day-to-day working, is unlikely to have a significant impact on the Company's operations or financial performance in the medium-term. In the short-term the Directors have taken appropriate steps to confirm the Company's continuing ability to access funding and liquidity from its Parent Company, (from 1 February 2021) UTAC Holding.

The parent company, UTAC Holding, has indicated in writing that, for at least 12 months from the date of approval of these financial statements, and whilst the company remains a member of the UTAC group, it will continue to make available funds as are needed by the Company to meet its liabilities as they fall due and in particular will not seek repayment of amounts currently made available. While there remains significant uncertainty as to the future impact of the COVID-19 pandemic, the Company and its Parent Company UTAC Holding continue to conduct ongoing risk assessments of the potential impact of the pandemic on its business operations and liquidity. Having undertaken these assessments, the Directors consider that the Company, and its parent, UTAC Holding, will be able to continue in operational existence for the foreseeable future. For this reason they 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 2020 that have had a material impact on the Company's financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In preparing the Financial Statements, management has made judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an on-going basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Notes to the financial statements (Continued)

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

a) Basis of preparation (continued)

Key sources of estimation uncertainty

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 2020 there was revenue of £1,407,000 accrued on the balance sheet, in relation to ongoing contracts that had yet to complete (2019: £2,301,000).

Impairment of Property, plant and equipment

Since the company's acquisition by Spectris plc in 2016, the company has followed a programme of significant capital investment. Given the early programme lifecycle stage, these assets typically have a number of years remaining of their useful economic lives and hence the significant carrying value of property, plant and equipment. Management has assessed whether there are any indicators of impairment, based on their estimates of future performance. These estimates are in the form of revenue and margin projections. Assessment of impairment triggers takes into consideration the original capital expenditure business case, actual performance to date and projected performance. Impairment reviews for revenue generating assets are specific to the performance of the individual asset. Impairment reviews for non-revenue generating assets are based upon physical inspection of the asset, and a consideration of the overall profitability of individual business lines towards which the assets contribute. As a consequence of reduced activity levels during the COVID19 pandemic, and of the increasing shift in propulsion technology towards electrification, management has concluded that indications of impairment exist in certain areas of the business. A detailed review has led to the recognition of an impairment charge, with management satisfied that the remaining book values of tangible assets are supported by current and forecast cash flows and thus no further indicators of impairment existed as at 31 December 2020. This conclusion is sensitive to changes in the estimate of future business performance, which is specific to each asset. A material decline in overall business performance and/or individual asset performance could lead to an impairment of property, plant & equipment in the future.

Critical accounting judgements

Capitalisation of assets

Capitalisation of property, plant and equipment requires judgement as to the completion date of each project. It is at this point that assets are depreciated. During the current period of significant investment in property, plant and equipment an assessment of each project and its completion date is used to determine the appropriate point for commencement of depreciation. Until that date is reached, assets are held as assets under construction. During the year ended 31 December 2019 there was a significant increase in property, plant and equipment resulting in an increase in depreciation charge in the year of £2,206,000. There has been a further increase in 2020 of £2,928,000. At the period end there was £7,170,000 remaining in assets under construction (as shown in note 9) the majority of which will be completed and commence depreciation in the next 12 months. The assets have a useful life of between 2 and 25 years, with the majority of assets typically having a useful life of 10 years.

Notes to the financial statements (Continued)

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

b) Summary of significant accounting policies

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.

Property, plant and equipment

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 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	2 to 10 years

Residual value is calculated on prices prevailing at the date of acquisition.

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

Notes to the financial statements (Continued)

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

b) Summary of significant accounting policies

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.

Inventory

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. 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. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Provision is made for any anticipated obsolescence, slow moving or defective items of inventories.

Trade and other receivables / payables

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade receivables. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal

Notes to the financial statements (Continued)

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

b) Summary of significant accounting policies (Continued)

business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

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.

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 are included as a deduction within the cost of the associated tangible asset. The grant is 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.

Taxation

Tax on the profit or loss for the year 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 the Statement of Changes 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 provided on taxable temporary differences 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.

However, 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.

Notes to the financial statements (Continued)

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

b) Summary of significant accounting policies (Continued)

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.

Foreign currency translation

The functional currency for the company is determined with reference to the currency of the primary economic environment in which it operates. 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.

Revenue

Revenue represents amounts receivable for goods and 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.

Profit is realised on contracts for the provision of services if the final outcome can be assessed with reasonable certainty, by including in the Income statement revenue and related costs as contract activity progresses. Revenue is calculated by reference to the value of work performed to date as a proportion of the total contract value.

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

Notes to the financial statements (Continued)

b) Summary of significant accounting policies (Continued)

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.

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.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

c) Change in accounting policies

Government grants

During 2020 it was determined that the accounting treatment of recognising the grant in the carrying value of the asset rather than as deferred income was a more appropriate treatment. This is because this is deemed to provide a more accurate reflection of gross capital expenditure for the business. The impact of this change in accounting treatment has been a reduction in tangible assets of £8,560,000 and a corresponding decrease of deferred income (2019: £10,125,000). Prior year comparatives have been restated in line with this change in accounting policy. Both presentations are permissible under IAS 20.

2. 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)

Notes to the financial statements (Continued)

2. Alternative Performance measures (continued)

EBITDA

	2020	2019
EBITDA	£000	£000
Operating loss	(28,036)	(2,425)
Depreciation	9,012	6,084
Impairment of tangible assets	18,396	-
Restructuring costs from significant programmes	106	1,111
Other	-	10
EBITDA	(522)	4,780

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

3. Revenue

The Company derives its revenue from the provision of goods and services both at a point in time and over time. Revenue relates entirely to the rendering of services.

	2020	2019
By class of business	£000	£000
Events	545	2,558
Track test and development	4,606	4,967
Laboratory testing and other facilities	29,655	46,364
	34,806	53,889

£34,806,000 (2019: £44,043,000) of revenue was recognised at a point in time and £nil (2019: £9,846,000) of revenue was recognised over time.

	2020	2019
By geographical market	£000	£000
United Kingdom	32,191	50,382
Rest of Europe	2,419	3,104
North America	55	61
Asia Pacific	66	100
Rest of World	75	242
	34,806	53,889

Notes to the financial statements (Continued)

4. Operating loss

	2020	2019
	£000	£000
Operating loss is stated after charging/(crediting):		
Operating lease rentals receivable – land and buildings	(1,179)	(1,228)
Depreciation of tangible fixed assets (owned assets)	8,588	5,520
Depreciation of tangible fixed assets (right of use assets)	424	565
Foreign exchange gain	-	(25)
Impairment of tangible assets	18,396	-
Research and development	5	41
Exceptional operating items	106	1,121
 Auditor's remuneration		
- payable to the Company's auditor for the Company's annual accounts	108	88

Exceptional operating items include £0.1m in respect of reorganisation costs (2019: £1.1m). All exceptional operating items are considered one off and non-recurring in nature. See further information in note 2.

5. Financial income and finance costs

	2020	2019
	£000	£000
Interest payable – Group Companies	(1,614)	(1,575)
Unwinding of discount on lease liability	(240)	(246)
Interest receivable – external	-	1
	(1,854)	(1,820)

Notes to the financial statements (Continued)

6. Employee numbers and costs

	2020	2019
Average monthly number (including executive directors)	No	No
Management and administration	59	60
Test and workshop personnel	394	437
	453	497

	2020	2019
Costs (including executive directors)	£000	£000
Wages and salaries	18,643	21,472
Social security costs	1,882	2,090
Pension costs – defined contribution scheme (note 14)	1,135	1,224
	21,660	24,786

7. Directors' emoluments

	2020	2019
	£000	£000
Emoluments	1,171	519
Pension Contributions	53	47
	1,224	566

	2020	2019
Costs (including executive directors)	£000	£000
Highest paid director's remuneration:		
Emoluments	491	236
Pension Contributions	20	20
	511	256

	2020	2019
	No	No
Members of a defined contribution scheme	1	3

No directors are accruing benefits under a defined benefit scheme.

2 directors exercised share options during 2020 (2019: 0)

Notes to the financial statements (Continued)

8. Taxation

	2020	2019
	£000	£000
a) Tax charged in the income statement		
Current tax:		
UK corporation tax	-	(617)
Current tax credit	-	(617)
Adjustments in respect of prior years	(1,213)	94
Total current tax charge/(credit)	(1,213)	(523)
Deferred tax:		
Origination and reversal of timing differences	232	(124)
Change in tax rates	208	-
Adjustment in respect of previous periods	1,293	(243)
Total deferred tax charge/(credit)	1,733	(367)
Tax charge/(credit) in the income statement	520	(890)

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

The tax charge/(credit) in the income statement for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	2020	2019
	£000	£000
Loss before taxation	(29,890)	(4,245)
Corporation tax at standard rate of 19% (2019: 19%)	(5,679)	(807)
Non-taxable income and gains	-	-
Non-deductible expenditure	2,454	193
Group relief	3,433	-
Change in tax rate	208	-
Other current year items	24	(127)
Adjustments to prior year current and deferred tax charges	80	(149)
Total tax charge/(credit) reported in the income statement	520	(890)

Notes to the financial statements (Continued)

8. Taxation (continued)

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

	2020	2019
	£000	£000
Deferred tax		
Net gain/(loss) on revaluation of cash flow hedges	14	(14)
Total deferred charge/(credit)	14	(14)
Total tax charge/(credit)	14	(14)

Tax relating to items charged or (credited) to the Statement of Changes in Equity

	2020	2019
	£000	£000
Deferred tax		
Adoption of IFRS 16	-	(28)
Total deferred charge/(credit)	-	(28)
Total tax charge/(credit)	-	(28)

d) Change in corporation tax rate

It was announced in the Budget 2021 that corporation tax rates will increase from 19% to 25% (effective from 1 April 2023). This legislation was not substantively enacted at 31 December 2020 and so deferred tax has been calculated at the current rate of 19%.

e) Deferred tax

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

	2020	2019
	£000	£000
Deferred tax liability		
Temporary differences relating to cash flow hedges	-	-
Temporary differences relating to tangible assets	2,236	628
	2,236	628
Deferred tax asset		
Temporary differences relating to cashflow hedges	-	(13)
Share based payments	-	(127)
Other temporary differences	(28)	(27)
	(28)	(167)
Disclosed on the balance sheet		
Deferred tax liability	2,208	461
	2,208	461

Notes to the financial statements (Continued)

8. Taxation (continued)

e) Deferred tax (continued)

	2020	2019
	£000	£000
Deferred tax in the income statement		
Temporary differences relating to tangible assets	233	2
Other temporary differences	(1)	(126)
Change in tax rates	208	-
Adjustments in respect of prior years	1,293	(243)
Deferred tax charge/(credit) to the income statement	1,733	(367)

9. Property, plant and equipment - owned

	Freehold land and buildings	Plant and machinery	Assets in the course of construction (Restated)	Total
Cost	£000	£000	£000	£000
At 1 January 2019 (Restated)	25,424	44,143	24,272	93,839
Additions (Restated)	-	-	23,350	23,350
Transfers	9,556	31,936	(41,492)	-
At 31 December 2019	34,981	76,079	6,130	117,189
Additions	-	-	9,439	9,439
Transfers	1,412	6,985	(8,397)	-
At 31 December 2020	36,393	83,064	7,170	126,627
Accumulated depreciation and impairment				
At 1 January 2019	9,202	16,372	-	25,574
Charge for year	901	4,619	-	5,520
At 31 December 2019	10,103	20,991	-	31,094
Charge for year	1,301	7,287	-	8,588
Impairment	-	13,859	-	13,859
At 31 December 2020	11,404	42,137	-	53,541
Carrying amount				
At 31 December 2020	24,989	40,927	7,170	73,086
At 31 December 2019	24,877	55,088	6,130	86,095

2019 numbers have been restated in line with the change in accounting policy of showing fixed assets net of grants received. Assets under construction as at 31 December 2019 have been restated by £10,135,000. Further details of this change in accounting policy can be found in note 1.

Notes to the financial statements (Continued)

Property, plant and equipment – Right of Use

	Freehold land and buildings	Plant and machinery	Total
Cost	£000	£000	£000
At 31 December 2019 and 31 December 2020	4,936	1,077	6,013
Depreciation and Impairment			
At 31 December 2019	(266)	(298)	(564)
Charge for the year	(133)	(291)	(424)
Impairment	(4,537)	-	(4,537)
At 31 December 2020	-	488	488
Property, plant and equipment - Total	2020	2019	
NBV	£'000	£'000	
Property, plant and equipment - owned	73,086	86,095	
Property, plant and equipment – Right of Use	488	5,449	
	73,574	91,544	

The Company had £1,900,000 of land that was not depreciated at 31 December 2020 (2019: £1,900,000).

10. Inventories

	2020	2019
Inventory:	£000	£000
Fuel	220	400
Raw materials	651	388
	871	788

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

Finished goods recognised as cost of sales in the year amounted to £nil (2019: £nil). The write down of inventories to net realisable value amounted to £nil (2019: £nil). There were no reversal of write-downs during the year (2019: £nil).

Notes to the financial statements (Continued)

11. Trade and other receivables

	2020	2019
Current:	£000	£000
Trade receivables	5,684	9,924
Amounts owed by fellow group undertakings	5,748	1,946
Corporation tax	-	617
R&D tax credit	843	348
Prepayments	961	1,064
Accrued income	1,407	2,301
	14,643	16,200

Included within amounts owed by fellow group undertakings are amounts receivable on demand of £5,748,000 (2019: £1,946,000).

12. Trade and other payables

	2020	Restated 2019
Current:	£000	£000
Bank overdraft	1,879	-
Trade payables	901	887
Amounts owed to fellow group undertakings	64,969	59,892
Accruals	4,070	4,151
Taxation and social security	1,217	95
Deferred income (Restated)	1,513	1,841
Derivative payable	-	74
	74,549	66,940

Included within amounts owed to fellow group undertakings are amounts repayable on demand of £64,178,000 (2019: £54,086,000). These are owed to the Company's parent company; Spectris plc. Interest is charged at the 3 month LIBOR rate plus 2%.

Prior year deferred income has been restated to present government grants related to tangible assets within Tangible assets. This has reduced deferred income by £10,135,000.

Notes to the financial statements (Continued)

	2020	2019
	£000	£000
Non-Current:		
Amounts owed to fellow group undertakings	9,249	9,319
	9,249	9,319

Included within amounts owed to fellow group undertakings are amounts repayable within 5 years of £9,249,000 (2019: £9,319,000). These are owed to the Company's parent company; Spectris plc. Interest is charged at 5%.

Trade and other payables approximates to its carrying value.

13. Provisions

	Re-organisation costs	Warranty provisions	Total provisions
	£000	£000	£000
Current:			
Cost	£000	£000	£000
At 1 January 2020	35	278	313
Additional provision in year	-	-	-
Released during the year		(104)	(104)
Utilised during the year	(35)	-	(35)
At 31 December 2020	-	174	174

Warranty is given on vehicle modifications for a period of up to 3 years. Re-organisation costs will be utilised within 12 months.

14. 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 £1,135,000 for the year (2019: £1,224,000). There were no contributions payable to the fund and included in payables at the year-end (2019: nil).

15. Share Capital and reserves

	2020	2019
	£000	£000
Called up, allotted and fully paid:		
4,440,752 (2019: 4,440,752) ordinary shares of £1 each	4,441	4,441

Movements in reserves are set out in the Statement of Changes in Equity.

Notes to the financial statements (Continued)

16. Lease liabilities

			2020
2020 Undiscounted lease liability maturity analysis under IFRS 16	Property	Plant and machinery	Total
	£000	£000	£000
Within one year	378	252	630
More than one year but less than five years	1,556	201	1,757
Greater than five years	4,607	-	4,607
Total undiscounted lease payments at 31 December	6,541	453	6,994

			2019
2019 Undiscounted lease liability maturity analysis under IFRS 16	Property	Plant and machinery	Total
	£000	£000	£000
Within one year	378	328	706
More than one year but less than five years	1,536	452	1,988
Greater than five years	5,004	-	5,004
Total undiscounted lease payments at 31 December	6,918	780	7,698

17. Operating lease arrangements – receivable

2020	Property
	£000
Within one year	573
More than 1 year but less than five years	1,151
	1,724
2019	Property
	£000
Within one year	792
More than 1 year but less than five years	1,414
	2,206

Notes to the financial statements (Continued)

18. Capital commitments

	2020	2019
	£000	£000
Contracts for capital expenditure not provided	2,964	5,783
	2,964	5,783

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

19. Related party transactions

During the year, the Company entered into no transactions with Vicki James' Design (2019: £2,000). Vicki James is the spouse of one of the directors, who resigned in September 2020.

During the year, the Company entered into transactions with Unique Employment Services Limited worth £559,000 (2019: £369,000). A former director of Unique Employment Services (who resigned in September 2020) is a close family member of one of the directors.

20. Immediate and ultimate parent company

The Company's immediate parent company at the 31 December 2020 is Spectris Group Holdings Ltd (UK) and ultimate parent company and controlling party is Spectris plc, which is incorporated in the United Kingdom. The consolidated accounts of this company are available to the public and may be obtained from:

Spectris plc
Heritage House
Church Road
Egham
Surrey
TW20 9QD

21. Subsequent events

On the 1 February 2021 100% of the share capital of Millbrook Proving Ground Limited was sold by Spectris Group Holdings to Maple Acquisition Company Limited an indirect subsidiary of the French Group UTAC CERAM whose majority shareholder is funds controlled by the private equity investor Eurazeo.