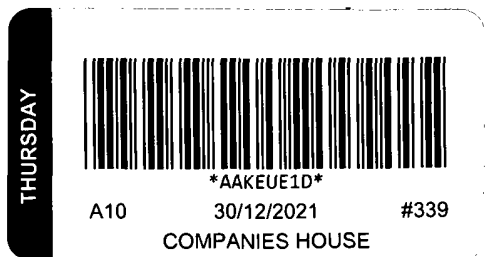


REGISTERED NUMBER: 08656105 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020  
FOR  
GEMINI RAIL SERVICES UK LIMITED**



**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**GEMINI RAIL SERVICES UK LIMITED (REGISTERED NUMBER: 08656105)**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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<b>DIRECTORS:</b>	A Wallace K Trewin T Cullis
<b>SECRETARY:</b>	T Cullis
<b>REGISTERED OFFICE:</b>	Wolverton Works Stratford Road Wolverton Milton Keynes MK12 5NT
<b>REGISTERED NUMBER:</b>	08656105 (England and Wales)
<b>AUDITORS:</b>	BDO LLP Two Snowhill Birmingham B4 6GA

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their Strategic Report for the year ended 31 December 2020.

**BUSINESS REVIEW**

The Company's turnover has decreased during 2020 to £47.0m (2019: £52.1m) with a reduction in revenues at the Springburn facility that closed as planned during 2019. Revenues at the Wolverton facility increased to £47.0m (2019: £42.9m). Gross margin for the Company decreased to 21.1% (2019: 23.6%) due to ongoing onerous contracts concluding in 2020 and the inclusion within cost of sales of staff on furlough (with the offsetting Coronavirus Job Retention Scheme income recognised in other operating income), despite improvements in operational cost and efficiency delivered by the Company's transformation programme executed in 2019. Whilst administrative expenses decreased in 2020 to £12.4m (2019: £12.5m) as a result of a full 12 months benefit of cost efficiencies delivered through the Company's transformation programme delivered in 2019, the business made a loss before taxation for the year as a result of exceptional costs.

**KEY PERFORMANCE INDICATORS**

The key performance indicators of the Company are as follows:

	2020	2019
Revenue	£46,952,485	£52,143,548
Gross profit margin	21.1%	23.6%
Operating loss margin	(4.8%)	(0.4%)

**PRINCIPAL RISKS AND UNCERTAINTIES**

The process of risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to executive approval and ongoing review by management. Compliance with regulations, legal and ethical standards is a priority for the Group.

**Competitive risks**

Tenders are reviewed prior to acceptance to identify risk and ensure it is at an acceptable level or can be managed to an acceptable level.

The Company enjoys strong relationships with existing customers and seeks to spread risk by engaging with new customers.

**Financial risk management**

The Company's operations expose it to various financial risks including credit risk, liquidity risk and foreign currency risk.

**Liquidity risk**

Gemini Rail Services UK Ltd is supported by its shareholder Mutares to maintain a positive net cash position and to ensure that the Company has sufficient liquid resources to meet the operating needs of the business.

**Credit risk**

The Company's principal financial assets are cash, trade, and other debtors. Debtors balances are monitored very closely on an ongoing basis, with overdues subject to regular review. Provision is made for doubtful debts where necessary.

**Foreign currency risk**

The Company is exposed to currency movements, essentially on the Euro. These are generally in respect of components specified by customers and sourced from Euro-zone suppliers. The Company considers appropriate hedging where the value of goods sourced is material.

**COVID-19**

With regard to the current COVID-19 pandemic, we refer to the going concern information below and contained in note 2.

#### **FUTURE DEVELOPMENTS**

The UK Rail Market has continued to encounter change with the UK government putting in place Emergency Recovery Measures Agreements (ERMAs) with train operators to ensure continuity of UK rail services during the Coronavirus COVID-19 pandemic. However, there continues to be a steady market of opportunities for existing rolling stock for refurbishment, overhaul, modernisation, and flexible power options for the fleets to enable them to compete on multiple routes, be more economical, and to meet increasing DfT requirements for running on the network. Gemini Rail Services UK Ltd continues to be well positioned to support and meet the needs of owners and operators of fleets.

#### **GOING CONCERN AND POST BALANCE SHEET EVENTS**

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due.

The COVID-19 pandemic has had a significant impact on the financial performance of the business in 2021. Passenger numbers have, at times, been at 20% of pre-pandemic levels and rail franchises were placed under government control via emergency recovery measures agreements. Lead times on recent contracts (from signing until revenue recognition) lengthened due to increased scrutiny of government expenditure given high government debt. Following the completion of the programme of works surrounding legislation to support enhancements for passengers of reduced mobility, new investment programmes have been paused, and rolling stock companies have contributed to a slowed pipeline on heavy maintenance programmes.

The directors acknowledge that the COVID-19 pandemic will continue to be a significant external factor in the environment the Company operates within and have implemented logistical and organisational changes to underpin the Company's resilience to the COVID-19 pandemic, with the key focus being protecting all personnel, minimising the impact on core activities, and ensuring business continuity. The directors have considered the potential impact on the business in their assessment of going concern detailed in note 2.

#### **SECTION 172(1) OF THE COMPANIES ACT 2006**

The directors consider that the decisions they have made during the financial year and the way they have acted have promoted the success of the Company for the benefit of its members as a whole (having regard for the stakeholders and matters set out in s172(1) (a-f) of the Act). Key directors' decisions in year include the utilisation of the Coronavirus Job Retention Scheme to reduce business costs whilst retain key employees within the business for the long-term, prioritisation of employee health and safety in response to the COVID-19 pandemic, and two phases of business restructuring to reduce costs in line with forecast falls in revenue. The directors consider the Company's key stakeholders to include employees, shareholders, customers, and suppliers.

#### **Long-term decisions**

The directors discussed proposals for new business opportunities, business improvement initiatives, and capital expenditure. Whilst financial benefit and shareholder return is one of the key decision criteria, the long-term effect on the Company's going concern, the environment, job security for our employees, value and service for our customers, and fair trading terms with our suppliers were all considered too. The directors recognise their responsibility to act fairly between all stakeholders.

#### **Employees**

The health, safety, and well-being of the Company's employees is the directors' primary consideration. The directors recognise that our employees are critical to the Company's success and aim to be a responsible employer and ensure that pay and benefits are fair. The Company seeks to encourage employees to maximise their potential through training and regular performance appraisal.

**SECTION 172(1) OF THE COMPANIES ACT 2006 (continued)**

**Customers and suppliers**

Our engagement with customers and suppliers continues to evolve and improve and the directors recognise that fostering these relationships along with maintaining the Company's high standards of business conduct is essential for the Company's long-term success. Key account managers focus on developing collaborative relationships with the objective of delivering value and innovation to our customers. Our supply chain professionals regularly communicate with suppliers to maintain fair but competitive prices and to drive innovation.

**Community and environmental matters**

The Company recognises the importance of its community and environmental matters and seeks to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety, and economic issues. The Company has complied with all applicable legislation and regulations.


**High standards of business conduct**

The directors review the Company's internal and external policies to ensure they are aligned to best practice and enshrine recent statutory improvements around Anti Bribery, Modern Slavery, and Data Protection (GDPR). The directors implement processes to ensure a culture of passion, independence, character, and innovation underpinned by robust business ethics and standards.

**Act fairly between shareholders**

One of directors of the Company represents the shareholder and ensures that key business decisions are aligned with the shareholder.

**ON BEHALF OF THE BOARD:**

  
.....  
T Cullis - Director

Date: 07/12/2021.....

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their report with the financial statements of the Company for the year ended 31 December 2020.

**PRINCIPAL ACTIVITY**

During 2020 the principal activity of the Company was the refurbishment, overhaul, modernisation, and repair of rolling stock used on the UK rail network.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2020.

**DISABLED PERSONS**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that the appropriate training is arranged. It is the policy of the Company that the training, career development, and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**EMPLOYEE INVOLVEMENT**

The Company's policy is to consult and discuss with employees, through unions, staff councils, and at meetings, matters likely to affect employees' interests. Information about matters of concern to the employees is given through information emails, on site digital screens, notice boards, newsletters, and other reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting Company's performance.

**DIRECTORS**

Changes in directors holding office are as follows:

C Klingler – resigned 30 June 2021  
T Jenkins – resigned 31 August 2021  
P A Janes – resigned 30 June 2021  
T Cullis – appointed 10 June 2021  
K Trewin – appointed 10 June 2021  
A Wallace – appointed 10 June 2021

**DIRECTORS' INDEMNITY PROVISIONS**

There were no qualifying third-party indemnity provisions in place during the financial year.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the directors 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 Financial Reporting Standard 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; and
  - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.
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**REPORT OF THE DIRECTORS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)**

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.

**GREENHOUSE GAS EMISSIONS AND ENERGY CONSUMPTION**

Gemini Rail Services UK Limited take responsibility for our employees, our customers, our business partners, and for the environment and society in which we live and work. The economic, environmental, and social measures we take help ensure the long-term success of our business and at the same time generate benefits for society. Our key focus areas are provided below.

**Strategy and management**

We aim for sustainable value creation: achieving long-term economic success whilst acting responsibly towards our employees and business partners as well as the environment and society. We are committed to sustainable corporate governance that includes environmental and social aspects in strategic planning, management, and corporate processes. We act and work according to legal and ethical principles laid down in our Group-wide Code of Conduct.

**Employees and governance**

We create an attractive working environment in which the principles of mutual trust, team-work, diversity and equality of opportunity as well as fair and respectful treatment of each other are recognized and practiced. We offer a safe and healthy working environment and enable our employees to develop their own individual potential. We are committed to developing and maintaining a pro-active and positive safety culture, undertaking our business in such a way as to reduce, so far as reasonably practicable, the risks of injury or occupational ill health and damage to property for all those affected by our work activities. We conduct an ongoing dialogue with our managers on value-oriented, sustainable, corporate governance.

**Products and partners**

We consistently work on developing innovative products and solutions that combine a high degree of customer value with a contribution to sustainable development. Safety is always our overriding goal. We work closely with our customers and suppliers to jointly ensure continuous improvement of product quality and minimal undesirable impact on the environment and society. We consider and support the activities of our business partners aimed at improving their environmental and social compatibility.

**Environment and climate**

We accept our responsibility for ensuring a clean environment and protecting the climate and operate in compliance with our HSE Policy (Health, Safety and Environment). The company philosophy is reflected in our environmental goals and approach so that in all aspects of our business we are committed to protecting the environment from avoidable harm.

The level of gas and electricity CO<sub>2</sub> emissions for the year relating to activities undertaken at Gemini Rail Services UK Limited's Wolverton facility was 1,017 tonnes of CO<sub>2</sub>. This is a total of 5,178,219 kWh and is the equivalent of 2.2 tonnes per £100k of revenue. In line with reporting guidelines, the emissions have been further categorised as 886.43 tonnes of CO<sub>2</sub> from purchased electricity, and 130.72 tonnes of CO<sub>2</sub> from purchased gas.

The level of CO<sub>2</sub> emissions for the year relating to travelling undertaken by Gemini Rail Services UK Limited employees was 167 tonnes of CO<sub>2</sub>. This is a total of 80,532 miles travelled by car for business purposes, 468,000 miles travelled by car for commuting, and 50 trips by plane for commuting. In line with reporting guidelines, the emissions have been further categorised as 135.89 tonnes of CO<sub>2</sub> from car travel, and 31.00 tonnes of CO<sub>2</sub> from air travel.

**REPORT OF THE DIRECTORS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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Greenhouse gas emissions have been reported in line with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which apply to financial years starting on or after 1 April 2019. Data has been compiled based on electricity used, as reported in usage reports and bills provided by landlords, based on business travel mileage recorded by the Group, based on insurance responses regarding air travel and overnight stays, and based on the number of car spaces utilised on weekdays by employees. Greenhouse gas emission figures have been calculated using the UK Government emission conversion factors for company reporting.

During the year the Group have continued to take energy saving measures where possible. We have set ourselves the goal of handling resources in a responsible manner, consistently reducing CO2 emissions, minimizing and where possible avoiding undesirable impact on nature and the environment, and actively using opportunities to protect the environment. We are concerned to optimize the environmental compatibility of our products across their entire life-cycle.

**Society**

A high standard of health, safety and welfare, for the public as well as for our employees, is a primary goal of the company. We encourage and support social involvement on the part of our employees. We support social, educational, and environmental projects and enter partnerships with organizations that contribute towards sustainable development. We see ourselves as partners for the regions in which we live and work, and we support their long-term development. We seek constructive dialogue with our stakeholders and provide them with regular and transparent updates on our sustainability activities.

**MATTERS COVERED IN THE STRATEGIC REPORT**

Information relating to future developments and financial risk management objectives and policies and information on exposure to credit risk, liquidity risk, currency risk and post balance sheet are not shown in the Directors' Report because it is shown in the Strategic Report instead under Section 414C (11) of Companies Act 2006.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are 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; each Director 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, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



.....  
T Cullis - Director

Date: 07/12/2021 .....

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
GEMINI RAIL SERVICES UK LIMITED**

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**Opinion on the financial statements**

In our opinion the financial statements:

- 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Gemini Rail Services UK Limited ("the Company") for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Statement of Financial Position, the 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).

**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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

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.

**Material uncertainty related to going concern**

We draw attention to note 2 to the financial statements, which indicates the company is dependent on the continued financial support of its parent company to continue as a going concern and pay its liabilities as they fall due. As described in note 2, these events or conditions, along with the other matters set out in note 2 indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other information**

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

**Other Companies Act 2006 reporting**

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
GEMINI RAIL SERVICES UK LIMITED (continued)**

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**Other Companies Act 2006 reporting (continued)**

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 and the Directors' Report.

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

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

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities, 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.

***Extent to which the audit was 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 gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included, but were not limited to compliance with the Companies Act 2006 and accounting standards.

We communicated key estimate and judgements, relevant identified laws and regulations, and potential fraud and irregularity risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. We designed audit procedures to respond to these risks.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
GEMINI RAIL SERVICES UK LIMITED (continued)**

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**Auditor's responsibilities for the audit of the financial statements (continued)**

*Extent to which the audit was capable of detecting irregularities, including fraud (continued)*

We designed and executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. These procedures, together with the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- We made enquiries of management and those charged with governance and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations.
- We tested the appropriateness of accounting journals on a sample basis and other adjustments made in the preparation of the financial statements.
- We used data assurance techniques to identify and analyse the complete population of all journals in the year to identify and test any which we considered were indicative of management override
- We reviewed the company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement of possible bias and testing any significant transaction that appeared to be outside the normal course of business
- We tested manual journals posted to revenue, agreeing them to supporting documentation to check that they were appropriate, correctly recorded and supported by appropriate evidence.
- We challenged key estimates and judgements applied by management in the financial statements to check they are free from management bias
- We considered management's assessment of related parties and any other unusual transactions and evaluated the process for identifying and monitoring such transactions
- Consideration of the total unadjusted audit differences for indications of bias or deliberate misstatements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**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.

DocuSigned by:

Jon Gilpin

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**Jonathan Gilpin (Senior Statutory Auditor)**  
**for and on behalf of BDO LLP, statutory auditor**  
Birmingham

Date: 07 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**GEMINI RAIL SERVICES UK LIMITED (REGISTERED NUMBER: 08656105)**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	Notes	2020 £	2019 £
<b>TURNOVER</b>	3	<b>46,952,485</b>	52,143,548
Cost of sales		<u><b>(37,023,502)</b></u>	<u><b>(39,823,340)</b></u>
<b>GROSS PROFIT</b>		<b>9,928,983</b>	12,320,208
Administrative expenses (including exceptional costs of £2,957,898 (2019: £672,325) refer note 9)		<u><b>(12,448,148)</b></u>	<u><b>(12,519,253)</b></u>
		<b>(2,519,165)</b>	<b>(199,045)</b>
Other operating income		<b>280,655</b>	-
		<hr/>	<hr/>
<b>OPERATING LOSS</b>		<b>(2,238,510)</b>	<b>(199,045)</b>
Interest receivable	5	-	6,807
Interest payable and similar expenses	6	<b>(697,140)</b>	<b>(576,812)</b>
Pension scheme interest cost	21	<b>(33,000)</b>	<b>(31,000)</b>
Pension scheme interest income	21	<b>32,000</b>	<b>34,000</b>
		<hr/>	<hr/>
<b>LOSS BEFORE TAXATION</b>	7	<b>(2,936,650)</b>	<b>(766,050)</b>
Tax on loss	8	-	-
		<hr/>	<hr/>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><b>(2,936,650)</b></u>	<u><b>(766,050)</b></u>

The notes on pages 15 to 35 form part of these financial statements.

STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020

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	Notes	2020 £	2019 £
<b>LOSS FOR THE YEAR</b>		<b>(2,936,650)</b>	<b>(766,050)</b>
<b>OTHER COMPREHENSIVE LOSS</b>			
<b>Items which may be subsequently reclassified to profit or loss:</b>			
Remeasurement on pension liability	21	(313,000)	(196,000)
Deferred tax	18	<u>-</u>	<u>(17,907)</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX</b>		<b><u>(313,000)</u></b>	<b><u>(213,907)</u></b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b><u>(3,249,650)</u></b>	<b><u>(979,957)</u></b>

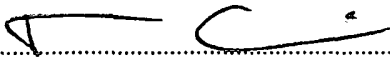
The notes on pages 15 to 35 form part of these financial statements.

GEMINI RAIL SERVICES UK LIMITED (REGISTERED NUMBER: 08656105)

STATEMENT OF FINANCIAL POSITION  
31 DECEMBER 2020

	Notes	2020		2019	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	10		303,884		543,430
Tangible assets	11		<u>10,961,926</u>		<u>11,642,532</u>
			11,265,810		12,185,962
<b>CURRENT ASSETS</b>					
Stocks	12	2,156,357		6,882,595	
Debtors: Amounts falling due after more than one year	13	3,003,000		3,003,000	
Debtors: Amounts falling due within one year	13	6,903,485		10,538,094	
Cash at bank and in hand		<u>451,789</u>		<u>1,063,899</u>	
		12,514,631		21,487,588	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>(6,552,226)</u>		<u>(13,016,745)</u>	
<b>NET CURRENT ASSETS</b>			<u>5,962,405</u>		<u>8,470,843</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			17,228,215		20,656,805
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		(7,095,257)		(7,435,163)
<b>PROVISIONS FOR LIABILITIES</b>	18		(1,122,488)		(1,247,522)
<b>PENSION LIABILITY</b>	21		<u>(451,000)</u>		<u>(165,000)</u>
<b>NET ASSETS</b>			<u>8,559,470</u>		<u>11,809,120</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		1		1
Share premium	20		2,999,999		2,999,999
Revaluation reserve	20		719,892		725,241
Other reserves	20		69,097,405		69,097,405
Retained earnings	20		<u>(64,257,827)</u>		<u>(61,013,526)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>8,559,470</u>		<u>11,809,120</u>

The financial statements were approved by the Board of directors and authorised for issue on 07/12/2021 and were signed on its behalf by:

  
T Cullis - Director

The notes on pages 15 to 35 form part of these financial statements.

**GEMINI RAIL SERVICES UK LIMITED (REGISTERED NUMBER: 08656105)**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Retained earnings £	Share premium £	Revaluation reserve £	Other reserves £	Totals £
At 1 January 2019	1	(60,057,476)	2,999,999	749,148	69,097,405	12,789,077
<b>Changes in equity</b>						
Total comprehensive loss	-	(962,050)	-	(17,907)	-	(979,957)
Transfer of excess depreciation on revaluation	-	6,000	-	(6,000)	-	-
At 31 December 2019	1	(61,013,526)	2,999,999	725,241	69,097,405	11,809,120
<b>Changes in equity</b>						
Total comprehensive loss	-	(3,249,650)	-	-	-	(3,249,650)
Transfer of excess depreciation on revaluation	-	5,349	-	(5,349)	-	-
At 31 December 2020	1	(64,257,827)	2,999,999	719,892	69,097,405	8,559,470

The notes on pages 15 to 35 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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1. **STATUTORY INFORMATION**

Gemini Rail Services UK 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 as modified by the revaluation of certain assets. The presentation currency used is sterling and amounts have been presented in round pounds ("£s").

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 IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- 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; and
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

2. ACCOUNTING POLICIES (continued)

**CHANGES IN ACCOUNTING POLICIES**

There were a number of narrow scope amendments to existing standards which were effective from 1 January 2020. None of these had a material impact on the company.

**LEASES**

**Identifying leases**

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) there is an identified asset;
- (b) the Company obtains substantially all the economic benefits from use of the asset; and
- (c) the Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise from the use of the asset, not those incidental to legal ownership or other potential benefits. In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

**Lease measurement**

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. ACCOUNTING POLICIES (continued)

LEASES (continued)

Lease measurement (continued)

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- In all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. ACCOUNTING POLICIES (continued)**

**LEASES (continued)**

**Lease measurement (continued)**

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Payments made under operating leases are charged to the Income Statement on a straight-line basis over the period of lease. When an operating lease is terminated before the lease period has expired, any payment to be made to the lessor by way of a penalty is recognised as an expense in the period in which the termination takes place.

**REVENUE**

**Significant accounting policy**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

**Nature of goods and services**

The following is a list of principal activities from which the Company generates its revenue:

<b>Products and services</b>	<b>Nature, timing of satisfaction of performance obligations and significant payment terms</b>
Contracts relating to the maintenance, refurbishment, and modernisation of rolling stock	Revenue is recognised on the completion of performance obligations in the contract. The transaction price is allocated to each performance obligation based on the stand-alone selling price. Where these are not directly observable, they are estimated based on expected cost-plus margin.
Incident repair	Revenue is recognised on the completion of performance obligations in the contract. The transaction price is allocated to each performance obligation based on the stand-alone selling price. Where these are not directly observable, they are estimated based on expected cost-plus margin.
Wheelset overhaul	Revenue is recognised when control of the wheelset has transferred, being when the wheelset is delivered to, or collected by the customer.

**GOING CONCERN**

The Company's business activities, together with the factors likely to affect its future development and performance are set out in the Strategic Report and the Directors' Report on pages 2 to 7. The financial position of the Company and liquidity are detailed in the Statement of Financial Position on page 13. After preparing integrated profit and loss and cash flow forecasts for at least one year from the date the financial statements are signed, the directors have formed a judgement that, as at the date of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. However, there is a material uncertainty and significant doubt over the ability to continue as a going concern, as described in more detail below.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. ACCOUNTING POLICIES (continued)

**GOING CONCERN (continued)**

The COVID-19 pandemic has had a significant impact on the financial performance of the business in 2021. Passenger numbers have, at times, been at 20% of pre-pandemic levels and rail franchises were placed under government control via emergency recovery measures agreements. Lead times on recent contracts (from signing until revenue recognition) lengthened due to increased scrutiny of government expenditure given high government debt. Following the completion of the programme of works surrounding legislation to support enhancements for passengers of reduced mobility by the end Q1 2021, new investment programmes have been paused, and rolling stock companies have contributed to a slowed pipeline on heavy maintenance programmes.

Order intake in 2020 saw only £1.8m worth of new contracts secured compared to opportunity pipeline of £121.9m for 2021 and 2022. As a result, Gemini Rail Services UK Limited ("GRS") has seen a business volume reduction in 2021 of 60% on 2020 volumes with revenues for the period to end of October 2021 at £10.3m with losses after tax of £4.5m. Contract lead times mean budgeted receipts for the first half of 2021 are now forecast to be received later in the year with Q2 and Q3 2021 particularly hit by reduced revenues and cash generation. Identifying the upcoming shortfall in revenue, the group promptly responded to reduce costs, concluding a restructuring programme in 2020 which reduced staff expense and other costs to a level that supports the expected lower revenues in 2021. Some short-term financial support has also been provided from the Company's shareholder, Mutares in the form of extended credit terms on liabilities for services provided; such liabilities owing to Mutares are repaid as and when GRS's liquidity allows.

Many opportunities not available over the last year and delayed contracts are now in the pipeline over the coming months, giving the directors confidence of partial recovery of "lost" revenue in 2021; orders secured in the year to September 2021 amount to £13.4m with a further £8.1m identified in the Q4 2021. Continued development of GRS's innovation workstream and cross business synergies will lead to further revenue recovery opportunities over the coming year and beyond. Further, the acquisition by Mutares of Alan Dick Communications Limited in May 2021, a business specialising in rail communication and infrastructure services, has resulted in significant synergies across both businesses, lowering future costs and increasing potential revenue.

The Company continued to provide financial support to its associate Company, Gemini Rail Technology UK Limited ("GRT"), up to September 2021. GRT went into a pre-pack administration process on 30 September 2021; its business and assets were purchased by GRS. Forfeiture of the intercompany balance provided to GRT of £5.7m was included as part of GRS's offer for GRT's business and assets. The closure of GRT has reduced costs for GRS through the ending of ongoing financial support for GRT and a reduction of administration and staff savings for GRS. The novation of the contracts ensures continuity of revenue and pipeline opportunities for Company for the future.

The directors acknowledge that the risk of further delays in contract award indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. The directors have reviewed integrated profit and loss, balance sheet, and cash flow forecasts for a period of more than one year from the date the financial statements are signed considering the potential ongoing impacts of the COVID-19 pandemic including the modelling of stress-case scenarios which model gross margin at a significant deduction of 10% lower than expected forecasts. Having reviewed these forecasts the directors remain of the view that the forecast is achievable despite external factors such as COVID-19; further, the directors are comfortable that the pipeline has sufficient bandwidth to cope with further contract delays and are assured that Mutares are able and willing to continue to provide financial support should it be required. The financial statements have accordingly been prepared on a going concern basis and do not include adjustments that would be necessary if the Company is unable to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. ACCOUNTING POLICIES (continued)

**INTANGIBLE FIXED ASSETS**

Intangible fixed assets are stated in the balance sheet at their cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is provided on a straight-line basis in order to write off each asset over its estimated useful life as follows:

Software	3 to 5 years
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**TANGIBLE FIXED ASSETS**

Tangible fixed assets are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with enough regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising from the revaluation of such tangible fixed assets is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the Income Statement to the extent of the decrease previously expensed. A decrease in carrying amount arising on revaluation of such tangible fixed assets is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued assets is charged to the Income Statement. On subsequent sale or scrapping of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

Costs capitalised include professional fees to the extent that these are directly and wholly attributable to the acquisition or creation of the asset.

Assets in the course of construction are carried at cost less any recognised impairment loss. Cost includes professional fees to the extent that these are directly and wholly attributable to the acquisition or creation of the asset.

Assets held under finance leases are depreciated over their useful lives on the same basis as owned assets or, where shorter, over the relevant lease.

Depreciation is provided on a straight-line basis in order to write off each asset over its estimated useful life as follows.

Leasehold improvements	5 to 20 years
Plant and equipment	7 years
Fixtures, fittings and computer equipment	7 years

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. **ACCOUNTING POLICIES (continued)**

**Impairment of Tangible and Intangible Assets Excluding Goodwill**

At each Statement of Financial Position date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**STOCKS AND LONG-TERM CONTRACTS**

Stock is stated at the lower of cost, which includes both direct costs and labour, and net realisable value. Long term contract balances are stated in full. Any payments on account over and above the valuation of the related work in progress are included within creditors.

On long term contracts, profit is recognised periodically as the contract progresses. The amount of profit attributed to the stage of completion of a contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. The amount invoiced to date on a contract is used to determine the stage of completion as this is deemed to be the most appropriate indicator given that initial costs on contracts are usually disproportionate to the value of the work done in the early phase of the contracts.

*Provision is made for any losses as soon as they are foreseen. Provisions for losses are not discounted.*

**TAXATION**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. ACCOUNTING POLICIES (continued)

**FOREIGN CURRENCIES**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are considered in arriving at the operating result.

**EMPLOYEE BENEFIT COSTS**

**Defined contribution plan**

The Company operates a defined contribution scheme for the benefit of employees who are not members of the Railway Pension Scheme.

**Defined benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of the changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed annually by the directors or a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income.

**FINANCIAL INSTRUMENTS**

**Trade and other receivables**

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate expected credit loss allowances for estimated irrecoverable amounts are recognised in profit or loss. The allowance recognised is measured as the expected credit loss allowance method as stated by IFRS 9 Financial Instruments.

**Trade and other creditors**

Trade and other creditors 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

**Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

**PROVISIONS**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as the balance sheet date, considering the risks and uncertainties surrounding that obligation.

**CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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 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 judgements in applying the Company's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

**Warranty provision**

Note 18 describes the provision made relating to potential future warranty costs in line with completion of contractual obligations on or before the balance sheet date. In making its judgement, management have considered both the quantum of warranty costs incurred in the current or in previous reporting periods and the relative complexity of works performed under contracts giving rise to the potential liability.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**3. TURNOVER**

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

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>1 January 2019</b>
Debtors, which are included in 'Trade Debtors'	4,919,270	8,203,003	9,619,802
Contract assets	-	-	-
Contract liabilities	2,018,691	3,415,505	5,372,263

The amount of turnover recognised in 2020 from performance obligations satisfied (or partially satisfied) in previous periods was £7,695,532.

The satisfaction of performance obligations give rise to revenue recognition and typically an invoice is raised which is typically paid within 30 days of the end of the month in which the invoice was raised. The satisfaction of performance obligations will typically reduce contract liabilities when the invoice raised. Where a contract asset arises on satisfaction of a performance obligation the amount due will not be subject to typical payment terms until such time that the amount is invoiced. The reduction of the contract liability balance relates to the release of advance payments from customers as performance obligations are satisfied.

**4. EMPLOYEES AND DIRECTORS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	9,661,205	11,960,097
Social security costs	946,719	1,296,680
Life assurance	190,873	226,492
Pension costs	596,672	526,137
	<u>11,395,470</u>	<u>14,009,406</u>

The pension cost is as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Defined contribution scheme	398,672	319,137
Contributions to the defined benefit scheme (note 21)	198,000	207,000
	<u>596,672</u>	<u>526,137</u>

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

	<b>2020</b>	<b>2019</b>
Administration	100	128
Direct labour	113	168
	<u>213</u>	<u>296</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 4. EMPLOYEES AND DIRECTORS (continued)

	2020	2019
	£	£
Directors' remuneration	163,371	289,367
Contributions to defined contribution pension scheme	6,757	2,200
Payment for loss of office	-	102,206
	<u>170,128</u>	<u>393,773</u>

Information regarding the highest paid Director is as follows:

	2020	2019
	£	£
Remuneration	163,371	352,906
Pension contributions to defined contribution schemes	6,757	-
	<u>170,128</u>	<u>352,906</u>

T Jenkins, director of Gemini Rail Services UK Limited, was also in the year a director and employed by Gemini Rail Technology UK Limited, the sister company of Gemini Rail Services UK Limited, with £30,000 of his salary recharged to Gemini Rail Services UK Limited during the year.

## 5. INTEREST RECEIVABLE

	2020	2019
	£	£
Bank interest	-	6,807
	<u>-</u>	<u>6,807</u>

## 6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Interest payable (IFRS 16 interest charge)	518,917	563,563
Interest payable to Group undertakings	-	-
Interest payable on factoring	170,846	-
Interest on long term warranty provision	7,377	13,249
	<u>697,140</u>	<u>576,812</u>

## 7. LOSS BEFORE TAXATION

The loss before taxation is stated after charging:

	2020	2019
	£	£
Cost of inventories recognised as expense	13,762,586	36,170,433
Small ticket leases and plant hire	579,770	524,715
Depreciation: right-of-use assets	747,872	1,003,040
Depreciation: owned assets	1,040,560	901,515
Amortisation: software	239,546	178,794
Loss on disposal of fixed assets	10,731	42,037
Auditors' remuneration	59,500	54,277
Foreign exchange differences	25,647	42,972
	<u>15,466,512</u>	<u>44,888,803</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 8. TAXATION

## Analysis of tax expense

	2020 £	2019 £
Current tax:		
Tax Group relief in respect of prior periods	-	-
Total tax expense in Income Statement	<u>-</u>	<u>-</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:

	2020 £	2019 £
Loss before income tax	<u>(2,936,650)</u>	<u>(766,050)</u>
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(557,964)	(145,550)
Effects of:		
Expenses not deductible for tax purposes	563,489	-
(Gains)/losses for which no deferred tax asset is recognised	(5,525)	145,550
Group relief under-provided in previous year	-	-
Tax expense	<u>-</u>	<u>-</u>

## Tax effects relating to effects of other comprehensive income

	Gross £	2020 Tax £	Net £
Revaluation reserve deferred taxation	-	-	-
Remeasurements on pension liability	<u>(313,000)</u>	-	<u>(313,000)</u>
	<u>(313,000)</u>	<u>-</u>	<u>(313,000)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020

8. TAXATION (continued)

**Factors affecting future tax charges**

A number of changes in the UK corporation tax system were announced in the March 2021 Budget, including that the main rate of corporation tax would increase to 25% with effect from 1 April 2023 for profits over £250,000. These tax rates have been substantially enacted and therefore have been reflected in these financial statements.

9. EXCEPTIONAL ITEMS

Administrative (expense)/credit include the following exceptional items

	2020 £	2019 £
Release of provision relating to closure of Springburn	7,831	672,325
Provision against loan due from related party	(2,965,729)	-
	<u>(2,957,898)</u>	<u>672,325</u>

10. INTANGIBLE FIXED ASSETS

	Computer software £
<b>COST</b>	
At 1 January 2020 and 31 December 2020	<u>722,224</u>
<b>AMORTISATION</b>	
At 1 January 2020	178,794
Amortisation for year	<u>239,546</u>
At 31 December 2020	<u>418,340</u>
<b>NET BOOK VALUE</b>	
At 31 December 2020	<u>303,884</u>
At 31 December 2019	<u>543,430</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**11. TANGIBLE FIXED ASSETS**

	Leasehold improve- ments	Right of use assets	Assets under construction	Plant and machinery	Fixtures and fittings	Totals
<b>COST OR VALUATION</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2020	2,615,864	8,598,352	121,954	3,634,729	2,076,599	17,047,498
Additions	159,249	266,420	378,362	125,932	20,076	950,039
Disposals	-	(93,251)	-	-	(18,238)	(111,489)
Reclassification	131,080	-	(179,377)	37,200	11,097	-
At 31 December 2020	<b>2,906,193</b>	<b>8,771,521</b>	<b>320,939</b>	<b>3,797,861</b>	<b>2,089,534</b>	<b>17,886,048</b>
<b>DEPRECIATION</b>						
At 1 January 2020	830,353	1,003,040	-	2,066,291	1,505,282	5,404,966
Charge for year	154,394	747,872	-	387,178	259,440	1,548,884
Eliminated on disposal	-	(20,846)	-	-	(8,882)	(29,728)
At 31 December 2020	<b>984,747</b>	<b>1,730,066</b>	<b>-</b>	<b>2,453,469</b>	<b>1,755,840</b>	<b>6,924,122</b>
<b>NET BOOK VALUE</b>						
At 31 December 2020	<b>1,921,446</b>	<b>7,041,455</b>	<b>320,939</b>	<b>1,344,392</b>	<b>333,694</b>	<b>10,961,926</b>
At 31 December 2019	<b>1,785,511</b>	<b>7,595,312</b>	<b>121,954</b>	<b>1,568,438</b>	<b>571,317</b>	<b>11,642,532</b>

Included in the right of use asset category above are the following classes of asset:

- Land and buildings – depreciation charge of £600,159 during the year, with a closing NBV at 31 December 2020 of £6,670,233.
- Plant and machinery – depreciation charge of £18,250 during year, with a closing NBV at 31 December 2020 of £319,362.
- Motor vehicles – depreciation charge of £129,463 during the year, with a closing NBV at 31 December 2020 of £51,860.

**12. STOCKS**

	2020	2019
	£	£
Raw materials	351,742	3,706,054
Work-in-progress – net costs less foreseeable losses	<b>1,804,615</b>	<b>3,176,541</b>
	<b>2,156,357</b>	<b>6,882,595</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 13. DEBTORS

## Amounts falling due within one year

	2020	2019
	£	£
Trade debtors	4,919,270	8,432,012
Amounts owed by Group undertakings	1,090,126	850,000
Other debtors	289,453	306,774
Prepayments	604,636	949,308
	<u>6,903,485</u>	<u>10,538,094</u>

## Amounts falling due after more than one year

	2020	2019
	£	£
Other debtors – pension escrow	<u>3,003,000</u>	<u>3,003,000</u>

## 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Leases (see note 17)	597,885	618,649
Payments on account	2,018,691	3,415,505
Trade creditors	2,193,276	6,502,762
Amounts owed to Group undertakings	56,983	128,351
VAT	367,662	607,655
Other creditors	24,557	52,485
Accruals and deferred income	1,293,172	1,691,338
	<u>6,552,226</u>	<u>13,016,745</u>

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

	2020	2019
	£	£
Leases (see note 17)	<u>7,095,257</u>	<u>7,435,163</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020

16. FINANCIAL LIABILITIES

	2020 £	2019 £
Current:		
Leases (see note 17)	<u>597,885</u>	<u>618,649</u>
Non-current:		
Leases (see note 17)	<u>7,095,257</u>	<u>7,435,163</u>

17. LEASING

LEASE LIABILITIES

Lease obligations are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020 £	2019 £
Within one year	597,885	618,649
Between one and five years	2,276,158	2,046,156
In more than five years	<u>4,819,099</u>	<u>5,389,007</u>
	<u>7,693,142</u>	<u>8,053,812</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 18. PROVISIONS FOR LIABILITIES

	Deferred tax £	Warranty provision £	Restructuring provision £	Totals £
Balance at 1 January 2020	170,118	620,404	457,000	1,247,522
Utilised in year	-	(140,670)	(1,009,169)	(1,149,839)
Released / accrued in year	-	(258,585)	(7,831)	(266,416)
Addition in year	-	410,790	880,431	1,291,221
Balance at 31 December 2020	<u>170,118</u>	<u>631,939</u>	<u>320,431</u>	<u>1,122,488</u>

**Warranty provision**

The warranty provision covers the estimated costs of performing warranty rework on parts that are still within their warranty period. Standard warranty periods are between 12 months and 24 months.

**Restructuring provision**

The released restructuring provision reflected management's best estimation of the remaining costs relating to the closure of the Company's Springburn site with all costs incurred in the first quarter of 2020. The addition in year reflected management's best estimation of the costs relating to staff restructuring at the Company's Wolverton site with £600k accrued in August 2020 for the closure of the Wheelshop with £560k unwound in year and the remaining costs incurred in the January 2021, and £280k accrued in December 2020 for restructuring of indirect labour with costs incurred in the first quarter of 2021.

**Deferred tax provision**

A deferred tax provision is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Details of the deferred tax liabilities are as follows:

	2020 £	2019 £
Accelerated capital allowances	-	-
Revaluations and other tangible assets	170,118	170,118
Other temporary differences	-	-
Available losses	-	-
Total	<u>170,118</u>	<u>170,118</u>

The Company has not recognised tax losses of £31,518,071 (2019: £28,581,421) as their use cannot be confidently foreseen.

## 19. CALLED UP SHARE CAPITAL

Allotted, issued, and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
1	Ordinary	1	<u>1</u>	<u>1</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**20. RESERVES**

Retained earnings – cumulative net gains and losses are recognised the Statement of Comprehensive Income.

Called up share capital – the nominal value of allotted and fully paid up share capital.

Revaluation reserve – gains arising on revaluation of tangible assets net of tax.

Share premium – the premium received on the issuance of equity above the nominal value of the shares issued.

Other reserves – other movements in reserves not recognised in comprehensive income.

**21. EMPLOYEE BENEFIT OBLIGATIONS**

The Scheme is a section of the industry wide Railways Pension Scheme, a fully segregated multi-employer scheme and provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's salary at retirement and their length of service. The Scheme is a registered scheme under UK legislation and is subject to the scheme funding requirements. The Scheme was established on 23 December 2015 and members were granted pensionable service backdated to 23 August 2013. The Scheme is closed to new members. The latest triennial valuation of the Scheme was carried out as at 31 December 2016.

The Trustee is responsible for the operation and the governance of the Scheme, including making decisions regarding the Scheme's funding and investment strategy in conjunction with the Company. Under the rules of the Scheme, the Company is responsible for meeting 60% of the cost of benefits accruing as well as 60% of any deficit, with active members meeting the other 40%. The figures shown in the disclosures therefore represent the Company's 60% share.

Company contributions for the year to 31 December 2021 are expected to be £250,000.

	2020	2019
	£	£
Defined benefit obligation	(2,050,000)	(1,511,000)
Fair value of plan assets	<u>1,599,000</u>	<u>1,346,000</u>
	<u>(451,000)</u>	<u>(165,000)</u>

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Current service cost	198,000	207,000
Administrative cost	20,000	14,000
Net interest from net defined asset/liability	<u>1,000</u>	<u>(3,000)</u>
	<u>219,000</u>	<u>218,000</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020

21. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Opening defined benefit obligation	1,511,000	1,046,000
Current service cost	198,000	207,000
Interest cost	33,000	31,000
Actuarial losses	319,000	240,000
Benefits paid	(11,000)	(13,000)
	<u>2,050,000</u>	<u>1,511,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Opening fair value of scheme assets	1,346,000	1,008,000
Assets interest income	32,000	34,000
Contributions by employer	246,000	287,000
Expected return	6,000	44,000
Benefits paid	(11,000)	(13,000)
Assets admin cost	(20,000)	(14,000)
	<u>1,599,000</u>	<u>1,346,000</u>
Actual return on plan assets	<u>38,000</u>	<u>44,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Actuarial losses	(313,000)	(196,000)
	<u>(313,000)</u>	<u>(196,000)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2020

## 21. EMPLOYEE BENEFIT OBLIGATIONS (continued)

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Equities	938,000	825,000
Fixed Interest	616,000	497,000
Cash and other	45,000	24,000
	<u>1,599,000</u>	<u>1,346,000</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2020	2019
Discount rate	1.30%	2.20%
Future salary increases	1.90%	1.90%
Future pension increases	2.50%	2.40%
Future changes in maximum state healthcare benefits	4.00%	4.00%
Inflation assumption (CPI)	<u>2.50%</u>	<u>2.40%</u>

**DEFINED CONTRIBUTION SCHEME**

The pension charge amounted to £398,672 (2019: £319,137). There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

## 22. ULTIMATE PARENT COMPANY

The Company is subsidiary of Mutares Holding-25 AG. The largest Group in which results of the Company are consolidated is that headed by Mutares Holding-25 AG, incorporated in Germany. The consolidated accounts of this Company are available to the public and may be obtained from Sonnenbichlweg 1, 83707 Bad Wiessee, Munich. No other Group accounts include the results of this Company.

## 23. CAPITAL COMMITMENTS

There were no contractual commitments to purchase tangible fixed assets at the year-end (2019: £nil) or intangible fixed assets (2019: £Nil).

## 24. RELATED PARTY DISCLOSURES

The Company is a wholly owned subsidiary of Mutares Holding-25 AG and takes advantage of the exemptions conferred by IAS 24 'Related Party Disclosures' not to disclose transactions with Mutares Holding-25 AG or other wholly owned subsidiaries with the Group.

**25. POST BALANCE SHEET EVENTS**

On 30 September 2021, Gemini Rail Technology UK Limited went into a pre-pack administration process; its business and assets were purchased by Gemini Rail Services UK Limited. Gemini Rail Services UK Limited's consideration for this purchase included the forfeit of claim of £5.7m of intercompany funding provided to Gemini Rail Technology UK Limited. As a result of this acquisition, an amount of £2,965,729 previously provided against the loan has been written back post year end to be included within the consideration paid. The closure of Gemini Rail Technology UK Limited has reduced costs for Gemini Rail Services UK Limited through the ending of ongoing financial support for Gemini Rail Technology UK Limited and a reduction of administration and staff savings for Gemini Rail Services UK Limited. The novation of the contracts ensures continuity of revenue and pipeline opportunities for Gemini Rail Group.