

Registered number: 08656105

GEMINI RAIL SERVICES UK LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



GEMINI RAIL SERVICES UK LTD

COMPANY INFORMATION

Directors	T Cullis (resigned 20 January 2023) A Wallace (resigned 2 February 2023) B Scott (appointed 6 February 2023) N Mehta (appointed 27 February 2023) K Trewin (resigned 22 February 2022) D Hannappel (appointed 22 February 2022, resigned 23 February 2023)
Company secretary	D Kirk
Registered number	08656105
Registered office	Wolverton Works Stratford Road Milton Keynes MK12 5NT
Independent auditor	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG

GEMINI RAIL SERVICES UK LTD

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GEMINI RAIL SERVICES UK LTD

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

INTRODUCTION

The Directors present their Strategic Report for the year ended 31 December 2022.

BUSINESS REVIEW

The Company's turnover has decreased during 2022 to £12.7m (2021: £17.2m) due to the wide-ranging impact of COVID-19 on the UK rail industry. Gross margin for the Company also decreased to 5.2% (2021: 31.6%) due to significant material price increases and one-off cost efficiency decreases whilst the Company's transformation programme executed in 2021 was in its infancy. Administrative expenses decreased in 2022 to £6.53m (2021: £7.3m). The Company well placed to benefit from the forecast increase in demand for its services in 2023 and beyond.

KEY PERFORMANCE INDICATORS

The key performance indicators of the Company are as follows:

	2022	2021
Revenue	£12,667,291	£17,217,942
Gross profit	5.2%	31.6%
Operating loss	(46.8%)	(21.3%)

GEMINI RAIL SERVICES UK LTD

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 is actively reducing risk by engaging in work 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 on the Euro. These are generally in respect of components specified by customers and sourced from Eurozone 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.

GEMINI RAIL SERVICES UK LTD

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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. Many operators have since moved onto National Rail Contracts (NRCs) which are seen as a stepping stone to the new Passenger Services Contract (PSC) model advocated by the Williams-Shapps Plan for Rail Report which was published in 2021. This has increased confidence in the sector, releasing planned investment. This trend is exacerbated by the government looking to drive efficiencies and save industry costs, and due to rising raw material costs and interest rates reducing the attractiveness of investment in brand new rolling stock. Therefore there is a reawakening in the 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

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.

The COVID-19 pandemic has continued to have a significant impact on the financial performance of the business in 2022. Many investment programmes in rolling stock were paused in 2020 and 2021 following emergency government measures to take closer control of Train Operating Companies and stabilise industry funding due to an initial 80% fall in passenger fare revenue. This has led to lower order intake for the business during this period. As most projects span 1-4 years this has had a material bearing on the revenue recognised during 2022. Continuing 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 and a cash loan; such liabilities owing to Mutares will be repaid as and when GRS's liquidity allows.

During 2022 the Company engaged in cost reduction activities in order to mitigate reduced revenue, sub leasing, utility company engagement helped to dramatically cut the cost whilst allowing improvements in staff onboarding to support the second half of 2022 into 2023 as the Company begins to see growth in the Market.

Market conditions have started to improve most notably during the second half of 2022 alongside a progressive recovery of passenger volumes amongst Gemini's end customers. Gemini has been successful in securing 2 large new projects which mobilised in late 2022. These contract wins mean the business will return to revenue growth in 2023. Looking forward the sales pipeline has strengthened with multiple tenders due for award during the next 12 months.

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. 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.

GEMINI RAIL SERVICES UK LTD

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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). 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.

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

A minimum of one, and currently two Directors of the Company represent the shareholder to ensure that key business decisions are aligned with the shareholder.

This report was approved by the board and signed on its behalf.

B Scott
Director



Date: 5th February 2025

GEMINI RAIL SERVICES UK LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Principal activity

During 2022 the principal activity of the Company was the refurbishment, overhaul, modernisation, and repair of rolling stock used on the UK rail network.

Results and dividends

The loss for the year, after taxation, amounted to £6,388,143 (2021 - loss £4,170,857).

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

Directors

The directors who served during the year were:

T Cullis (resigned 20 January 2023)
A Wallace (resigned 2 February 2023)
K Trewin (resigned 22 February 2022)
D Hannappel (appointed 22 February 2022, resigned 23 February 2023)

GEMINI RAIL SERVICES UK LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Engagement with employees

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.

Disabled employees

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.

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.

GEMINI RAIL SERVICES UK LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Greenhouse gas emissions, energy consumption and energy efficiency action

We accept our responsibility for ensuring a clean environment and protecting the climate and operate in compliance with our EHS 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 CO₂ emissions for the year relating to activities undertaken at Gemini Rail Services UK Limited's Wolverton facility was 664 tonnes of CO₂ (2020: 1,017 tonnes). This is a total of 3,410,177 (kWh) and is the equivalent of 3.9 tonnes per £100k of revenue. In line with reporting guidelines, the emissions have been further categorised as 582 tonnes of CO₂ from purchased electricity, and 82 tonnes of CO₂ from purchased gas.

The level of CO₂ emissions for the year relating to travelling undertaken by Gemini Rail Services UK Limited employees was 167 tonnes of CO₂. 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 CO₂ from car travel, and 31.00 tonnes of CO₂ from air travel.

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.

GEMINI RAIL SERVICES UK LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



B Scott
Director

Date: 5th February 2025

GEMINI RAIL SERVICES UK LTD

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

GEMINI RAIL SERVICES UK LTD

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

Opinion

We have audited the financial statements of GEMINI RAIL SERVICES UK LTD (the 'Company') for the year ended 31 December 2022, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 United Kingdom, including the Financial Reporting Council'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.

GEMINI RAIL SERVICES UK LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEMINI RAIL SERVICES UK LTD (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 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.

Opinion 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the 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 Directors' responsibilities statement set out on page 9, 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.

GEMINI RAIL SERVICES UK LTD

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

Auditor's responsibilities for the audit of the financial statements

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

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 obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation, environmental protection legislation, Health and safety legislation, Taxation legislation and Employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be in the following areas: timing of recognition of income; the override of controls by management, including posting of unusual journals; inappropriate treatment of non-routine transactions and areas of estimation uncertainty.

Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, review and discussion of non-routine transactions, sample testing on the posting of journals and income transactions and review of accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

GEMINI RAIL SERVICES UK LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEMINI RAIL SERVICES UK LTD
(CONTINUED)

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.

Crowe UK LLP

Mark Evans (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG
Date: 05/02/2024

GEMINI RAIL SERVICES UK LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	12,667,291	17,217,942
Cost of sales		(12,005,496)	(11,773,763)
Gross profit		661,795	5,444,179
Administrative expenses		(6,257,478)	(7,257,878)
Exceptional administrative expenses		(422,653)	(2,551,671)
Other operating income		-	686,959
Operating loss	5	(6,018,336)	(3,678,411)
Interest receivable and similar income	8	-	7,268
Interest payable and similar expenses	9	(539,925)	(494,714)
Other finance income		-	(5,000)
Loss before tax		(6,558,261)	(4,170,857)
Tax on loss		170,118	-
Loss for the financial year		(6,388,143)	(4,170,857)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gain on defined benefit schemes		606,000	306,000
		606,000	306,000
Total comprehensive income for the year		(5,782,143)	(3,864,857)

The notes on pages 18 to 43 form part of these financial statements.

GEMINI RAIL SERVICES UK LTD
REGISTERED NUMBER: 08656105

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Goodwill	13	-	422,653
Other intangible assets	13	23,202	85,937
Tangible assets	15	8,609,682	9,644,520
		<u>8,632,884</u>	<u>10,153,110</u>
Current assets			
Stocks	16	2,379,865	1,136,808
Debtors	17	9,406,564	6,572,747
Cash at bank and in hand	18	842,052	358,909
		<u>12,628,481</u>	<u>8,068,464</u>
Current liabilities			
Creditors: amounts falling due within one year	19	(16,399,797)	(5,793,754)
Net current (liabilities)/assets		<u>(3,771,316)</u>	<u>2,274,710</u>
Total assets less current liabilities		<u>4,861,568</u>	<u>12,427,820</u>
Creditors: amounts falling due after more than one year	20	(5,921,432)	(6,636,993)
		<u>(1,059,864)</u>	<u>5,790,827</u>
Provisions for liabilities			
Deferred taxation	22	-	(170,118)
Other provisions	23	(580,667)	(797,097)
		<u>(580,667)</u>	<u>(967,215)</u>
Net assets excluding pension liability/asset		<u>(1,640,531)</u>	<u>4,823,612</u>
Pension asset/liability	26	553,000	(129,000)
Net (liabilities)/assets		<u><u>(1,087,531)</u></u>	<u><u>4,694,612</u></u>

GEMINI RAIL SERVICES UK LTD
REGISTERED NUMBER: 08656105

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Capital and reserves			
Called up share capital	24	1	1
Share premium account	25	2,999,999	2,999,999
Revaluation reserve	25	709,194	714,543
Other reserves	25	69,097,405	69,097,405
Profit and loss account	25	(73,894,130)	(68,117,336)
		<u>(1,087,531)</u>	<u>4,694,612</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



B Scott
Director

Date: 5th February 2025

The notes on pages 18 to 43 form part of these financial statements.

GEMINI RAIL SERVICES UK LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Share premium account	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2021	1	2,999,999	719,892	69,097,405	(64,257,828)	8,559,469
Comprehensive income for the year						
Loss for the year	-	-	-	-	(4,170,857)	(4,170,857)
Actuarial gains on pension scheme	-	-	-	-	306,000	306,000
Total comprehensive income for the year	-	-	-	-	(3,864,857)	(3,864,857)
Transfer to/from profit and loss account	-	-	(5,349)	-	5,349	-
At 1 January 2022	1	2,999,999	714,543	69,097,405	(68,117,336)	4,694,612
Comprehensive income for the year						
Loss for the year	-	-	-	-	(6,388,143)	(6,388,143)
Actuarial gains on pension scheme	-	-	-	-	606,000	606,000
Total comprehensive income for the year	-	-	-	-	(5,782,143)	(5,782,143)
Transfer to/from profit and loss account	-	-	(5,349)	-	5,349	-
At 31 December 2022	1	2,999,999	709,194	69,097,405	(73,894,130)	(1,087,531)

The notes on pages 18 to 43 form part of these financial statements.

GEMINI RAIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General 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

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 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 91-99 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, 111 and 134-136 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 paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

GEMINI RAIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions (continued)

- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Mutares Holding-25 AG as at 31 December 2022 and these financial statements may be obtained from Sonnenbichlweg 1, 83707 Bad Wiessee, Munich.

2.3 Going concern

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.

The COVID-19 pandemic has continued to have a significant impact on the financial performance of the business in 2022. Many investment programmes in rolling stock were paused in 2020 and 2021 following emergency government measures to take closer control of Train Operating Companies and stabilise industry funding due to an initial 80% fall in passenger fare revenue. This has led to lower order intake for the business during this period. As most projects span 1-4 years this has had a material bearing on the revenue recognised during 2022. Continuing 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 and a cash loan; such liabilities owing to Mutares will be repaid as and when GRS's liquidity allows.

During 2022 the Company engaged in cost reduction activities in order to mitigate reduced revenue, sub leasing, utility company engagement helped to dramatically cut the cost whilst allowing improvements in staff onboarding to support the second half of 2022 into 2023 as the Company begins to see growth in the Market.

Market conditions have started to improve most notably during the second half of 2022 alongside a progressive recovery of passenger volumes amongst Gemini's end customers. Gemini has been successful in securing 2 large new projects which mobilised in late 2022. These contract wins mean the business will return to revenue growth in 2023. Looking forward the sales pipeline has strengthened with multiple tenders due for award during the next 12 months.

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. 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.

GEMINI RAIL SERVICES UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

The Company has contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company adjusts the transaction prices of these contracts for the time value of money.

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

GEMINI RAIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.5 Revenue (continued)

Satisfaction of performance obligations

The satisfaction of performance obligations gives 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 is raised. The satisfaction of performance obligations will typically reduce contract liabilities when the invoice is 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.

2.6 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements 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 unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in 'Creditors' on the Statement of financial position.

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 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 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 (unless the lease

GEMINI RAIL SERVICES UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.6 Leases (continued)

payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

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. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.15.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.7 Government grants

Government grants received on capital expenditure are initially recognised within deferred income on the Company's Statement of financial position and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the profit or loss in the periods in which the expenditure is recognised.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age; length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the sum of any unrecognised past service costs and the present value of any amount the company expects to recover by way of refund from the plan or reduction in the future contributions. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

GEMINI RAIL SERVICES UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

GEMINI RAIL SERVICES UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.13 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

2.14 Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Software	-	3 to 5 years
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2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

GEMINI RAIL SERVICES UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.15 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.16 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.17 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.18 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.20 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

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

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.22 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

GEMINI RAIL SERVICES UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.22 Financial instruments (continued)

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The Expected Credit Loss on these financial assets are estimated based on the Company's historical Expected Credit Loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

GEMINI RAIL SERVICES UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Judgments in applying accounting policies 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 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.

4. Turnover

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2022	2021
	£	£
Exchange differences	(28,037)	972
Government grants	-	(686,959)
	<u> </u>	<u> </u>

GEMINI RAIL SERVICES UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Employees

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	5,560,548	6,509,985
Social security costs	626,890	649,722
Pension costs	211,571	274,383
Life assurance	72,629	86,702
	<u>6,471,638</u>	<u>7,520,792</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Administration	92	85
Direct labour	98	96
	<u>190</u>	<u>181</u>

7. Directors' remuneration

The highest paid director received remuneration of £NIL (2021 - £120,800).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2021 - £8,138).

8. Interest receivable

	2022 £	2021 £
Other interest receivable	-	7,268
	<u>-</u>	<u>7,268</u>

GEMINI RAIL SERVICES UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Interest payable and similar expenses

	2022 £	2021 £
Loans from group undertakings	264,481	-
Finance leases and hire purchase contracts	275,444	494,714
	<u>539,925</u>	<u>494,714</u>

10. Other finance costs

	2022 £	2021 £
Interest income on pension scheme assets	38,000	22,000
Net interest on net defined benefit liability	(38,000)	(27,000)
	<u>-</u>	<u>(5,000)</u>

11. Taxation

	2022 £	2021 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(170,118)	-
Total deferred tax	<u>(170,118)</u>	<u>-</u>
Tax on loss	<u>(170,118)</u>	<u>-</u>

GEMINI RAIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	<u>(6,558,261)</u>	<u>(4,170,857)</u>
Effects of:		
Remeasurement of deferred tax	<u>(170,118)</u>	-
Total tax charge for the year	<u><u>(170,118)</u></u>	<u><u>-</u></u>

Factors that may affect future tax charges

The UK corporation tax rate is due to increase to 25% from 19% from April 2023.

12. Exceptional items

	2022 £	2021 £
Provision against loan due from related party	-	2,551,671
Write off of goodwill	<u>422,653</u>	<u>-</u>

GEMINI RAIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Intangible assets

	Computer software £
Cost	
At 1 January 2022	726,739
At 31 December 2022	<u>726,739</u>
Amortisation	
At 1 January 2022	640,802
Charge for the year on owned assets	62,735
At 31 December 2022	<u>703,537</u>
Net book value	
At 31 December 2022	<u>23,202</u>
At 31 December 2021	<u>85,937</u>

GEMINI RAIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Goodwill

	2022 £
At 1 January 2022	422,653
Impairment	(422,653)
At 31 December 2022	<u>-</u>
Net book value	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>422,653</u>

GEMINI RAIL SERVICES UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Tangible fixed assets

	LT I/hold property £	Right of use assets £	Plant and machinery £	Office equipment £	Total £
Cost or valuation					
At 1 January 2022	3,117,844	8,919,037	3,475,556	2,110,386	17,622,823
At 31 December 2022	<u>3,117,844</u>	<u>8,919,037</u>	<u>3,475,556</u>	<u>2,110,386</u>	<u>17,622,823</u>
Depreciation					
At 1 January 2022	1,158,043	2,497,247	2,463,837	1,859,176	7,978,303
Charge for the year on owned assets	176,757	-	276,292	89,892	542,941
Charge for the year on right- of-use assets	-	491,897	-	-	491,897
At 31 December 2022	<u>1,334,800</u>	<u>2,989,144</u>	<u>2,740,129</u>	<u>1,949,068</u>	<u>9,013,141</u>
Net book value					
At 31 December 2022	<u>1,783,044</u>	<u>5,929,893</u>	<u>735,427</u>	<u>161,318</u>	<u>8,609,682</u>
At 31 December 2021	<u>1,959,801</u>	<u>6,421,790</u>	<u>1,011,719</u>	<u>251,210</u>	<u>9,644,520</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2022 £	2021 £
Long leasehold	1,783,044	1,959,801
Short leasehold	5,929,893	6,421,790
	<u>7,712,937</u>	<u>8,381,591</u>

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of financial position is as follows:

	2022 £	2021 £
Tangible fixed assets owned	2,921,696	2,991,139
Right-of-use tangible fixed assets	5,687,986	6,653,381
	<u>8,609,682</u>	<u>9,644,520</u>

Information about right-of-use assets is summarised below:

Net book value

	2022 £	2021 £
Property	5,469,917	6,301,666
Plant and machinery	143,430	218,469
Motor vehicles	74,639	133,246
	<u>5,687,986</u>	<u>6,653,381</u>

Depreciation charge for the year ended

	2022 £	2021 £
Property	600,159	600,159
Plant and machinery	75,039	94,636
Motor vehicles	58,607	72,386
	<u>491,897</u>	<u>767,181</u>

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15. Tangible fixed assets (continued)

Additions to right-of-use assets

	2022 £	2021 £
Additions to right-of-use assets	-	147,516

16. Stocks

	2022 £	2021 £
Raw materials and consumables	658,466	508,163
Work in progress (goods to be sold)	1,720,195	627,461
Finished goods and goods for resale	1,204	1,184
	2,379,865	1,136,808

17. Debtors

	2022 £	2021 £
Due after more than one year		
Other debtors - pension escrow	3,010,268	3,010,268
	3,010,268	3,010,268
Due within one year		
Trade debtors	1,305,031	1,269,631
Amounts owed by group undertakings	4,491,023	1,540,178
Other debtors	227,704	340,422
Prepayments and accrued income	372,538	412,248
	9,406,564	6,572,747

18. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	842,052	358,909

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Payments received on account	1,498,220	532,348
Trade creditors	2,203,812	1,871,256
Amounts owed to group undertakings	9,064,043	569,981
Other taxation and social security	321,363	974,909
Lease liabilities	635,055	604,305
Other creditors	89,126	114,540
Accruals and deferred income	2,588,178	1,126,415
	<u>16,399,797</u>	<u>5,793,754</u>

20. Creditors: Amounts falling due after more than one year

	2022	2021
	£	£
Lease liabilities	<u>5,921,432</u>	<u>6,636,993</u>

21. Leases

Company as a lessee

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.

Lease liabilities are due as follows:

	2022	2021
	£	£
Finance leases	635,055	604,305
Finance leases 1-2 yrs	2,365,339	2,193,460
Finance leases > 5 yr	3,556,093	4,443,533
	<u>6,556,487</u>	<u>7,241,298</u>

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22. Deferred taxation

	2022 £
At beginning of year	(170,118)
Charged to profit or loss	170,118
At end of year	-

The deferred taxation balance is made up as follows:

	2022 £	2021 £
Revaluations and other tangible assets	-	(170,118)

23. Provisions

	Warranty provision £	Project risk provision £	Total £
At 1 January 2022	224,729	572,368	797,097
Charged to profit or loss	123,459	232,479	355,938
Utilised in year	-	(572,368)	(572,368)
At 31 December 2022	348,188	232,479	580,667

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 opening provision 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 the prior 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. A further £300k was provided for in 2021, with all being utilised before the year end.

Project risk provision

The project risk provision covers potential losses on contracts during the year.

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24. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
1 (2021 - 1) Ordinary share of £1.00	1	1

25. Reserves

Share premium account

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

Revaluation reserve

Gains arising on revaluation of tangible assets net of tax.

Other reserves

Other movements in reserves not recognised in comprehensive income.

Profit and loss account

Cumulative net gains and losses are recognised the Statement of Comprehensive Income.

26. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme 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 £387,730 (2021 - £398,672). There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

The Company operates a defined benefit pension scheme.

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 2019.

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 2023 are expected to be £237,000.

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**NOTES TO THE FINANCIAL STATEMENTS
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26. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	2022 £	2021 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	2,018,000	2,050,000
Current service cost	130,000	157,000
Interest cost	38,000	27,000
Actuarial gains/losses	(803,000)	(185,000)
Benefits paid	(40,000)	(31,000)
At the end of the year	1,343,000	2,018,000

Reconciliation of present value of plan assets:

	2022 £	2021 £
At the beginning of the year	1,889,000	1,599,000
Interest income	38,000	22,000
Scheme administrative costs	(31,000)	(41,000)
Contributions	237,000	219,000
Benefits paid	(40,000)	(31,000)
Gain/loss on settlement or curtailment	(197,000)	121,000
At the end of the year	1,896,000	1,889,000

Composition of plan assets:

	2022 £	2021 £
Equities - Growth Pooled Fund	1,072,000	1,147,000
Fixed interest - Defensive funds	772,000	687,000
Cash and other	52,000	55,000
Total plan assets	1,896,000	1,889,000

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26. Pension commitments (continued)

	2022 £	2021 £
Fair value of plan assets	1,896,000	1,889,000
Present value of plan liabilities	(1,343,000)	(2,018,000)
Net pension scheme asset/(liability)	553,000	(129,000)

The amounts recognised in profit or loss are as follows:

	2022 £	2021 £
Current service cost	(130,000)	(157,000)
Interest on obligation	(38,000)	(27,000)
Interest income on plan assets	38,000	22,000
Administrative costs	(31,000)	(41,000)
Total	(161,000)	(203,000)
Actual return on scheme assets	(197,000)	143,000

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

	2022 %	2021 %
Discount rate	4.75	1.9
Future salary increases	1.4	0.0
Future pension increases	2.6	2.9
Future changes in maximum state healthcare benefits	4.1	4.4
Inflation assumption	2.6	2.9
Mortality rates		
- for a male aged 65 now	19.3	19.4
- at 65 for a male aged 45 now	20.3	20.3
- for a female aged 65 now	No female	No female
- at 65 for a female member aged 45 now	members	members

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27. Related party transactions

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.

28. Controlling party

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.