

VA TECH (UK) Limited

**Directors' report and financial
statements**

Registered number 3562487

30 September 2012

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Directors' report

The directors present their directors' report and financial statements of VA Tech (UK) Limited ("the company") for the year ended 30 September 2012

Principal activities

The company is a holding company for one subsidiary which operates in the electrical transmission and distribution industry

Business review

The results for the year are set out on page 6. The company's loss for the year after taxation amounted to £713,000 (2011 £531,000)

Interest payable rose to £893,000 in 2012 compared to £656,000 in 2011 due to an increase in the underlying amount owed to other group companies and a change in the underlying interest rate. The interest rate change was a result in the renegotiation of the intercompany funding from a short term to long term arrangement

Proposed dividend

The directors do not recommend the payment of a dividend (2011 £nil)

Directors

The directors who held office during the year were as follows

MP Jesberger (resigned 30 June 2012)
GSH Weir
A Heine (resigned 29 May 2012)
JM Miosik (resigned 1 April 2012)
P Mahei

Directors benefitted from qualifying third party indemnity provisions in place during the financial period and at the date of this report

Political and charitable contributions

The company made no political contributions or charitable donations during the year (2011 £nil)

Principal risks and uncertainties

Notwithstanding current period losses of £713,000 and net current assets of £336,000 the financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons. Siemens operates a cash pooling facility across its worldwide group. Cash balances generated by entities are passed to Siemens AG and companies are able to draw down on these facilities if required. VA TECH (UK) Limited meets its day to day working capital requirements through the cash pooling facility provided by Siemens AG and a loan provided by Siemens Financieringsmaatschappij NV (SFM). The amounts owed to group undertakings of £63,500,000 as at 30 September 2012 represent the company's liability to the aforementioned companies.

Historically other group companies have not demanded repayment of these intercompany balances and are not expected to demand repayment in the foreseeable future.

Post balance sheet events

There are no post balance sheet events to report

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' report *(continued)*

Auditors

In accordance with section 487(2) of the Companies Act 2006, Ernst and Young LLP will continue in office as auditor of the company

By order of the board



P Maher
Director

Faraday House
Sir William Siemens Square
Frimley
Camberley
Surrey
GU16 8QD

December 2012

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of VA TECH (UK) Limited

We have audited the financial statements of VA TECH (UK) Limited for the year ended 30 September 2012 which comprise the profit and loss account, the balance sheet, the reconciliation in movements in Shareholders' funds and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- ▶ give a true and fair view of the state of the company's affairs as at 30 September 2012 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.

Opinion on other matter prescribed by the Companies Act 2006

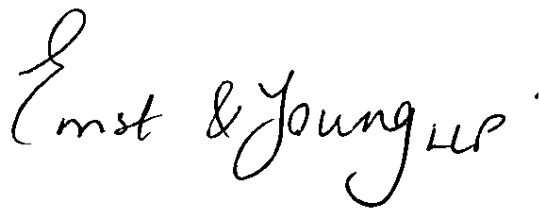
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of VA TECH (UK) Limited
(continued)

Matters on which we are required to report by exception

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

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



Lloyd Brown

(Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

14 December 2012

Profit and loss account
for the year ended 30 September 2012

	<i>Note</i>	2012 £000	2011 £000
Administrative expenses		(60)	(92)
Operating loss		<u>(60)</u>	<u>(92)</u>
Interest payable and similar charges	4	(893)	(656)
Loss on ordinary activities before taxation	2	<u>(953)</u>	<u>(748)</u>
Tax credit on loss on ordinary activities	5	240	217
Loss for the financial year	10	<u><u>(713)</u></u>	<u><u>(531)</u></u>

All of the results derive from continuing activities

The company has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented

Balance sheet
at 30 September 2012

	<i>Note</i>	2012	2011
		£000	£000
Fixed assets			
Investments	6	118,000	118,000
Current assets			
Debtors	7	339	196
Creditors: amounts falling due within one year	8	(3)	(62,647)
Net current assets / liabilities		336	(62,451)
Total assets less current liabilities		118,336	55,549
Creditors: amounts falling due after more than one year	9	(63,500)	-
Net assets		54,836	55,549
Capital and reserves			
Called up share capital	10	48,000	48,000
Share premium account	11	34,675	34,675
Profit and loss account	11	(27,839)	(27,126)
Shareholders' funds		54,836	55,549

These financial statements were approved by the board of directors on 10th December 2012 and were signed on its behalf by



GSH Weir
Director
VA TECH (UK) Limited
Registration number 3562487

Reconciliation of movements in shareholders' funds
for the year ended 30 September 2012

	2012 £000	2011 £000
Loss for the financial year	(713)	(531)
Net reduction in shareholders' funds	(713)	(531)
Opening shareholders' funds	55,549	56,080
Closing shareholders' funds	54,836	55,549

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules and applied in accordance with the Companies Act 2006

The company has prepared and reported its financial statements in Great British Pounds (GBP) (£) and the financial information is disclosed in thousands of £ except where stated otherwise, "k" denotes thousands VA TECH (UK) Limited is a United Kingdom based company incorporated in England and Wales and is a holding company for a subsidiary which operates in the electrical transmission and distribution industry

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts These financial statements present information about the company as an individual undertaking and not about its group

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of Siemens AG, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Siemens AG, within which this company is included, can be obtained from the address given in note 15

Going concern

Notwithstanding current period losses of £713,000 the financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons Siemens operates a cash pooling facility across its worldwide group Cash balances generated by entities are passed to Siemens AG and companies are able to draw down on these facilities if required VA TECH (UK) Limited meets its day to day working capital requirements through the cash pooling facility provided by Siemens AG and a loan provided by Siemens Financieringsmaatschappij NV (SFM) The amounts owed to group undertakings of £63,500,000 as at 30 September 2012 represent the company's liability to the aforementioned companies

Historically other group companies have not demanded repayment of these intercompany balances

Investments

Investments in subsidiary undertakings are stated at cost less amounts written off

The carrying value of investments is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Cash and cash equivalents

The company considers all highly liquid investments with less than three months maturity from the date of acquisition to be cash equivalents. Cash and cash equivalents are measured at cost. The company is part of a cash pooling arrangement across the worldwide Siemens group. Balances within this facility are classified as receivables / (payables) with group companies.

Borrowing Costs

The company pays or receives interest on its intercompany cash balance referred to above. These are recognised within interest in the profit and loss account when incurred or receivable.

2 Notes to the profit and loss account

	2012 £000	2011 £000
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration		
Audit of financial statements	3	2
Net exchange loss	-	3
	<u> </u>	<u> </u>

Amounts payable to Ernst & Young LLP and then associates by the company in respect of non-audit services were £nil (2011, £nil).

3 Remuneration of directors, staff numbers and costs

There were no persons employed by the company during the year (2011: nil).

No remuneration was paid to the directors, in respect of their services to the company, during the year. Directors' emoluments, in respect of their services to other group companies, are disclosed in the financial statements of those companies.

Notes (continued)

4 Interest payable and similar charges

	2012	2011
	£000	£000
Net exchange loss	-	3
Interest on amounts payable to group undertakings	893	653
	<u>893</u>	<u>656</u>

5 Taxation

Analysis of credit in period

	2012	2011
	£000	£000
<i>UK corporation tax</i>		
Current tax on income for the period	(234)	(196)
Adjustments in respect of prior periods	(6)	(21)
Tax credit on loss on ordinary activities	<u>(240)</u>	<u>(217)</u>

Factors affecting the tax credit for the current period

For the year ended 30 September, 2012 the Company was subject to UK corporation tax at a rate of 25% (26% during the 6 months to 31 March, 2012 and 24% during the 6 months to September 30, 2012) For the year ended September 30, 2011 the UK corporation tax rate was 27% (28% during the 6 months to 1 April 2011 and 26% during the 6 months to 30 September 2011) respectively

The difference between the current tax credit for the period of £240k (2011 £217k) and the standard rate of corporation tax in the UK of 25% (2011 27%) are explained below

	2012	2011
	£000	£000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(953)	(748)
Current tax at 25% (2011 27%)	(238)	(202)
<i>Effects of</i>		
Non deductible expenses	4	6
Adjustments to tax charge in respect of previous periods	(6)	(21)
Total current tax credit (see above)	<u>(240)</u>	<u>(217)</u>

Notes (continued)

Deferred tax

The company has no deferred tax asset or liability at the end of the financial year (2011 £nil)

6 Fixed asset investments

	Shares in group undertakings
	£000
<i>Cost</i>	
At 1 October 2011	118,000
At 30 September 2012	118,000
<i>Provisions</i>	
At 1 October 2011 and at 30 September 2012	-
<i>Net book value</i>	
At 30 September 2012	118,000
At 30 September 2011	118,000

The companies in which the company's interest at the year end is more than 20% are as follows

	Country of incorporation	Principal activity	Percentage of ordinary shares held
<i>Subsidiary undertakings</i>			
Siemens Transmission and Distribution Limited	United Kingdom	Electrical transmission and distribution	100%

In 2012, there was no movement in fixed asset investments held

Notes (continued)

7 Debtors

	2012	2011
	£000	£000
Amounts owed by group undertaking	98	-
Corporation tax receivable	241	196
	<u>339</u>	<u>196</u>

VA TECH (UK) Limited surrenders any tax losses to other Siemens UK companies via group relief

8 Creditors: amounts falling due within one year

	2012	2011
	£000	£000
Amounts owed to group undertakings	-	62,645
Accruals	3	2
	<u>3</u>	<u>62,647</u>

9 Creditors: amounts falling due after one year

	2012	2011
	£000	£000
Amounts owed to group undertakings	<u>63,500</u>	<u>-</u>

During the year the Company renegotiated the loan with Siemens Financieringsmaatschappij NV (SFM) As a result of the change in terms the loan is now classified as long term

10 Called up share capital

	2012	2011
	£000	£000
<i>Authorised</i>		
48,000,000 Ordinary shares of £1 each	48,000	48,000
	<u>48,000</u>	<u>48,000</u>
<i>Allotted, called up and fully paid</i>		
48,000,000 Ordinary shares of £1 each	48,000	48,000
	<u>48,000</u>	<u>48,000</u>

Notes (continued)

11 Reserves

	Share premium account £000	Profit and loss premium account £000
At beginning of year	34,675	(27,126)
Loss for the year	-	(713)
At end of year	<u>34,675</u>	<u>(27,838)</u>

12 Contingent liabilities

On 17 November 2008 National Grid Electricity Transmission plc issued a claim in the High Court against Siemens AG together with other Siemens subsidiaries including the company and other non-associated third party companies

On 10 May 2010 three EDF Energy Networks companies issued a claim in the High Court against Siemens AG together with other Siemens subsidiaries including the company and other non-associated third party companies. Both actions claim damages arising in consequence of the EU Commissions decision of 24 January 2007 relating to gas insulated switchgear.

The company and Siemens AG together with the other subsidiaries named in the claims will be vigorously defending these claims and, consequently, no provision has been recorded in these financial statements in respect of either of these claims.

13 Commitments

The company has no capital commitments at the end of the financial year (2011: £nil).

14 Post balance sheet events

There were no reportable post balance sheet events.

15 Ultimate parent company and parent undertaking of larger group of which the company is a member

The immediate parent undertaking is Siemens Holding plc, a company incorporated in the United Kingdom. Siemens AG is the only group undertaking of which the company is a member for which group accounts are prepared. Copies of the group accounts are available on the internet at www.siemens.com/annualreport or can be obtained from

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