VA TECH (UK) Limited

Annual report and financial statements

Registered number 3562487

30 September 2014

Contents

Annual report	1
Statement of directors' responsibilities in respect of the annual report and the financial statements	4
Independent auditor's report to the members of VA TECH (UK) Limited	5
Profit and loss account	7
Balance sheet	8
Reconciliation of movements in shareholders' funds	9
Notes	10

Annual report

As required by the amendments to the Companies Act 2006, effective September 30, 2013, the directors of VA Tech (UK) Limited ("the Company") present the annual report containing a strategic report, directors' report and the financial statements for the year ended September 30, 2014.

Strategic Report

Principal activities

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

Business review

The results for the year are set out on page 7. The Company made a profit for the financial year, net of taxation of £3,493k (2013: £(571k)).

The profit was primarily driven by the receipt of a dividend from Siemens Transmission and Distribution Limited for £4,000k and interest payable decrease to £553k in 2014 compared to £635k in 2013. This reduction was due to an increase in the underlying amount owed to other group companies, offset by a reduction in the underlying interest rate.

The directors work closely with management to anticipate risks from economic or global factors and plan accordingly. The volatility in the world's financial markets and the possible effect on investment and growth in the UK economy is monitored by the directors. An evaluation of the potential impact of market factors is undertaken regularly by management so that the Company can respond appropriately.

Principal risks and uncertainties

The Company has implemented a co-ordinated set of risk management and control systems, including strategic planning and management reporting, to help anticipate, measure, monitor and manage its exposure to risk. Risks which the Company faces include changes in the regulatory and legal environment and credit and interest rate risks, which may increase due to the global shortage of credit.

Additionally, Siemens AG 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. The Company uses this facility and has net current assets at 30 September 2014 including the amount drawn under the Siemens cash pooling arrangement.

For 2014, based on their assessment of the Company's financial position, future performance, liquidity and risks, the directors have a reasonable expectation that the Company has adequate resources to adopt the going concern basis of accounting.

Vision 2020

In May 2014, Joe Kaeser, CEO of Siemens AG announced a worldwide restructuring plan titled 'Vision 2020'. This will see the organisation streamlined into nine divisions. Siemens will position itself along identified growth fields including electrification, automation and digitalization and is orienting its resource allocation toward these growth fields. Siemens AG has announced focused measures in this direction including the purchase of the major part of Rolls-Royce's energy business and the contribution of Siemens' Metals Technologies into a joint venture. In addition, Healthcare will be separately managed in the future. Siemens is making its organization flatter and more customer-oriented.

By order of the board

P Maher
Director

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

24 March 2015

Annual report (continued)

Directors' report

Proposed dividend

The directors have not recommended the payment of a dividend (2013: £nil).

Directors

The directors who served the Company during the year and subsequently were as follows:

GSH Weir
P Maher

None of the directors holding office at September 30, 2014 had notified a beneficial interest in any contract to which the Company or its subsidiary undertakings were a party during the financial year.

The 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 (2013: £nil).

Post balance sheet events

There are no post balance sheet events to report.

Disclosure of information to the auditor

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 auditor is unaware; and each director has taken all steps that he ought to have been taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

P Maher
Director

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

24 March 2015

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

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

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

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 2013 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 4, 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 annual report and financial statements to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 and of its profit 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 Strategic Report and 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.

Ernst & Young LLP

Alastair John Richard Nuttall
(Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne
March 27, 2015

Profit and loss account
for the year ended 30 September 2014

	Note	2014	2013
		£000	£000
Administrative expenses		**(98)**	(110)
Operating loss		**(98)**	(110)
Interest payable and similar charges	4	**(553)**	(635)
Income from subsidairy undertaking		**4,000**	-
Profit / (Loss) on ordinary activities before taxation	2	**3,349**	(745)
Tax credit on profit / (loss) on ordinary activities	5	**144**	174
Profit / (Loss) for the financial year	11	**3,493**	(571)

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 2014

	Note	**2014**		2013	
		£000	**£000**	£000	£000
Fixed assets					
Investments	*6*		**118,000**		118,000
Current assets					
Debtors	*7*	**4,797**		175	
Creditors: amounts falling due within one year	*8*	**(39)**		(410)	
Net current assets / (liabilities)			**4,758**		(235)
Total assets less current liabilities			**122,758**		117,765
Creditors: amounts falling due after more than one year	*9*		**(65,000)**		(63,500)
Net assets			**57,758**		54,265
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*		**(24,917)**		(28,410)
Shareholders' funds			**57,758**		54,265

These financial statements were approved by the board of directors on 24 March 2015 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 2014

	2014	2013
	£000	£000
Profit / (loss) for the financial year	**3,493**	(571)
Net increase / (reduction) in shareholders' funds	**3,493**	(571)
Opening shareholders' funds	**54,265**	54,836
Closing shareholders' funds	**57,758**	54,265

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 with one 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.

The Company has net current assets at 30 September 2014. Based on the Company's forecasts, the directors consider that the Company will continue the trend of previous years and will continue trading over the next 12 months. Based on their assessment of the Company's financial position, future performance, liquidity and risks, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the next 12 months. Thus the Company continues to adopt the going concern basis of accounting.

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) due from/ (owned to) 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

	2014	2013
	£000	£000
Profit / (Loss) on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
Audit of financial statements	**1**	1

Amounts payable to Ernst & Young LLP and their associates by the Company in respect of non-audit services were £nil (2013: £nil).

Notes *(continued)*

3 Directors' emoluments

The directors' aggregate emoluments, including pension contributions, in respect of qualifying services provided to the VA Tech (UK) Limited Group were:

	2014	2013
Emoluments receivable	**657**	650
Equity Settle share based payments	-	23
	657	673

The company directors are remunerated by Siemens Transmission and Distribution Limited. Where appropriate their emoluments are disclosed in the financial statements of that subsidiary company.

4 Interest payable and similar charges

	2014	2013
	£000	£000
Interest on amounts payable to group undertakings	**553**	635
	553	635

5 Taxation

Analysis of credit in period

	2014	2013
	£000	£000
UK corporation tax		
Current tax credit for current year	**(139)**	(170)
Adjustments in respect of prior years	**(5)**	(4)
Tax credit on loss on ordinary activities	**(144)**	(174)

Factors affecting the tax credit for the current period

For the years ended September 30, 2014 and 2013, the Company was subject to UK corporation tax at a rate of 22% (23% during the 6 months to April 1, 2014 and 21% during the 6 months to September 30, 2014) and 23.5% (24% during the 6 months to April 1, 2013 and 23% during the 6 months to September 30, 2013) respectively.

Notes *(continued)*

The total tax credit differs from the amounts computed by applying the statutory UK tax rates as follows:

	2014	2013
	£000	£000
Current tax reconciliation		
Profit / (Loss) on ordinary activities before tax	**3,349**	(745)
Current tax at 22% (2013: 23.5%)	**737**	(175)
Effects of:		
Expenses not deductible for tax purposes and non taxable income	**(876)**	5
Adjustments in respect of prior years	**(5)**	(4)
Total current tax credit (see above)	**(144)**	(174)

Deferred tax

The Company has no deferred tax asset or liability at the end of the financial year (2013: £nil).

6 Fixed asset investments

	Shares in group undertakings
	£000
Cost	
At 1 October 2013	**118,000**
At 30 September 2014	118,000
Provisions	
At 1 October 2013 and at 30 September 2014	-
Net book value	
At 30 September 2014	**118,000**
At 30 September 2013	118,000

Notes *(continued)*

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
Subsidiary undertakings			
Siemens Transmission and Distribution Limited	United Kingdom	Electrical transmission and distribution	100%

In 2014, there was no movement in fixed asset investments held.

7 Debtors

	2014	2013
	£000	£000
Amounts owed by group undertaking	**4,653**	-
Corporation tax receivable	**144**	175
	4,797	175

Amounts owed by group undertakings at 30 September 2014 include £4,653,000 *(2013: nil)* in respect of balances which form part of the cash pooling arrangements.

8 Creditors: amounts falling due within one year

	2014	2013
	£000	£000
Amounts owed to group undertakings	**38**	400
Accruals	**1**	10
	39	410

After the year end the Company renegotiated its financing to extend the intergroup long term loan. As a result amounts disclosed as *Amounts owed to group undertakings* above form part of the intergroup long term loan and are classified as long term post year end.

Notes *(continued)*

9 Creditors: amounts falling due after one year

	2014	2013
	£000	£000
Amounts owed to group undertakings	**65,000**	63,500

The long term loan is held with Siemens Financieringsmaatchappij NV.

10 Called up share capital

	2014	2013
	£000	£000
Allotted, called up and fully paid		
48,000,000 Ordinary shares of £1 each	**48,000**	48,000

11 Reserves

	Share premium account	Profit and loss account
	£000	£000
At beginning of year	34,675	(28,410)
Profit for the year	-	3,493
At end of year	**34,675**	**(24,917)**

12 Contingent liabilities

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.

The action claims 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 claim will be vigorously defending the claim and, consequently, no provision has been recorded in these financial statements in respect of the claim.

Notes *(continued)*

13 Commitments

The Company has no capital commitments at the end of the financial year (2013: £nil).

14 Post balance sheet events

There were no reportable post balance sheet events.

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

The immediate parent undertaking is Siemens Holdings 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:

Siemens AG
Wittelsbacherplatz 2
D-80333 Munich
Germany