SIEMENS
Ingenuity for life

VA TECH (UK) LIMITED
Annual report and financial statements
Registered number 03562487
September 30, 2019

VA TECH (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

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VA TECH (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

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, 2019. In these financial statements, the term 'Group' and 'Siemens' refer to the Company's ultimate parent undertaking, Siemens AG.

STRATEGIC REPORT

Principal activities

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

General business review

In May 2019, the Group announced its plans to spin off its Gas and Power ("GP") business, creating a new multi-technology global energy powerhouse by September 2020. As part of the ongoing global project to achieve this, it is intended to transfer the GP business from another group company, Siemens plc, to Siemens Transmission and Distribution Limited in the next financial year, subject to the signing of an asset transfer agreement.

The Directors work closely with management to anticipate risks from economic or global factors and plan accordingly. The Company has remained vigilant over the warning signs exhibited in the global economy and uncertainty in the UK economy, which is partly due to the ongoing negotiation of Britain's exit from the European Union (EU). With regards to Brexit, the Company has assessed the potential impact on its business on a short-to-medium term view only, particularly with regards to a so called 'no deal' outcome, which remains a possibility at the end of 2020. While the broad parameters of the future EU-UK relationship are clearer, it is impossible to take a longer-term view of the impact of Brexit until the final outcome of the forthcoming trade negotiations between the two sides is known, most likely by the end of the year. Nonetheless we will continue to monitor developments and prepare.

Review of Statement of Income

The performance in 2019 is in line with the expectations of the directors, and the directors believe the results for the year reflect the ongoing performance of the Company.

The Company made a net loss for the financial year, net of taxation of £654k (2018: £535k).

Review of Statement of Financial Position

Total assets remained relatively constant at £120,451k (2018: £120,960k). Total liabilities increased by £145k mainly due to the increase in trade payables.

Review of Statement of Cash Flows

Cash flow from operating activities show an outflow of £804k (2018: £522k) and an inflow of £804k (2018: £522k) in the financing activities in the current year. The primary drivers for the current year inflow and outflow relate to interest paid of £812k (2018: £658k) and the change in financing from other group companies of £804k (2018: £522k).

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.

Changes in Investments

Details of changes in investments are disclosed in note 8.

Signed by order of the board of directors

C Ennis
Director

Registered office:

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

VA TECH (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

DIRECTORS' REPORT

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

GSH Weir	Resigned on 31 December 2018
AJ Gemmell	Appointed on 31 December 2018
C Ennis	

None of the directors holding office at September 30, 2019 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 benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

DIVIDENDS

The directors have not recommended a dividend (2018: £nil).

FINANCIAL INSTRUMENTS

The Company's financial risk management objectives and policies, including the exposure to market risk, credit risk and liquidity risk are set out in note 13 to the financial statements.

GOING CONCERN

Siemens AG has confirmed that it intends to provide financial support to the Company, which together with their assessment of the ongoing operations is in the directors' opinion sufficient to meet the Company's liabilities for at least 12 months from the date of this report. Thus, the Company continues to adopt the going concern basis of preparation for the financial statements.

SUBSEQUENT EVENTS

The Company has renegotiated the payment terms of its long-term debt after the year end. The debt is now due to be repaid in the next financial year. This is treated as an adjusting event and the loan has been accounted as a short term loan in the current year.

There were no other significant events after the reporting period.

GROUP POLICIES

Employee participation

There were no persons employed by the Company during the year.

Environmental

As a leading global company, Siemens has a responsibility to comply with the highest ethical and legal standards while protecting the environment and benefiting society as a whole. There are a number of initiatives, such as the Siemens Champions Awards, which recognise excellence in Zero Harm as well as the Siemens core values of responsibility, innovation and excellence.

Equal opportunities

Siemens is committed to equal opportunities for all, free from discrimination and harassment. Siemens values the contribution of all employees. All job applicants and employees, customers, visitors or contractors will receive equal treatment regardless of sex, race, disability, sexual orientation, religion or belief, age, colour, marital status, trade union membership, nationality or ethnic or national origins. Within Siemens, applicants and employees will be recruited, selected, trained and promoted on objective grounds, i.e. on the basis of their abilities to contribute most effectively to the success of Siemens. Wherever possible, we will assist disabled employees to enable them to work for Siemens and maximise their contribution and performance.

VA TECH (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

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Business Stakeholders

Business relationships with the customers, suppliers, and other business partners are fundamental to Siemens. The Group maintains business relationships only with reputable partners who comply with the law. The Group protects the interests of its customers through the careful selection of suppliers and other business partners and through the standards set for its own actions. The Group only works with suppliers who are prepared to eliminate problems or implement risk reduction measures. That is why the Group cooperates with excellent partners worldwide. Amongst others, the Group's Code of Conduct is based on the UN Global Compact and the principles of the International Labour Organisation, and it reflects the Siemens Business Conduct Guidelines, which apply to the entire Group.

POLITICAL DONATIONS

No political donations were made during the current or preceding year.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who held office at the date of approval of this annual 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 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.

AUDITOR

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

Signed by order of the board of directors

C Ennis
Director

Approved by the directors on 15/1/20

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

The directors are responsible for preparing the annual report and financial statements in accordance with applicable laws in the United Kingdom and those International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under Company Law, the directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;

- state that the Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are 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

YEAR ENDED SEPTEMBER 30, 2019

Opinion on financial statements

We have audited the financial statements of VA Tech (UK) Limited (the Company) for the year ended September 30, 2019 which comprise the Statement of Total Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at September 30, 2019 and of its net loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion on financial statements

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 below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIEMENS TRANSMISSION AND DISTRIBUTION LIMITED

YEAR ENDED SEPTEMBER 30, 2019

- 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 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Stephen Kirk (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

January 20, 2020

VA TECH (UK) LIMITED

STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (in thousands of £)

	Note	**2019**	2018
Administrative expenses		**(10)**	(3)
Other operating income		**15**	-
Operating profit / (loss)	3	**5**	(3)
Interest income	5	**11**	7
Interest expenses	5	**(823)**	(665)
Net loss before income taxes		**(807)**	(661)
Income tax credit	6	**153**	126
Net loss, net of income taxes		**(654)**	(535)
Net loss for the financial year		**(654)**	(535)

Other than the net loss in the year there was no other comprehensive income in either 2019 or 2018.

VA TECH (UK) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (in thousands of £)

	Note	2019	2018
ASSETS			
Trade and other receivables	7	**2,168**	2,834
Current income tax assets		**283**	126
Total current assets		**2,451**	2,960
Investments	8	**118,000**	118,000
Total non-current assets		**118,000**	118,000
Total assets		**120,451**	120,960
LIABILITIES AND EQUITY			
Short-term debt	10	**65,000**	-
Trade payables	9	**682**	544
Other current financial liabilities		**7**	-
Total current liabilities		**65,689**	544
Long-term debt	10	**-**	65,000
Total non-current liabilities		**-**	65,000
Total liabilities		**65,689**	65,544
Equity			
Share capital	11	**48,000**	48,000
Share premium		**34,675**	34,675
Retained earnings		**(27,913)**	(27,259)
Total equity		**54,762**	55,416
Total liabilities and equity		**120,451**	120,960

These financial statements were approved and authorised for issue by the board of directors on January 15, 2020 and were signed on their behalf by:

A.J. Gemmell

A Gemmell
Director

Registered number: 03562487
VA Tech (UK) Limited

VA TECH (UK) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (in thousands of £)

	Note	2019	2018
Cash flows from operating activities			
Net loss for the financial year		**(654)**	(535)
Adjustments to reconcile net loss to cash flows from operating activities			
Income tax credit	6	**(153)**	(126)
Interest expenses, net	5	**812**	658
Operating profit / (loss) before changes in working capital and provisions		**5**	(3)
Changes in assets and liabilities			
Trade payables and accrued expenses		**-**	(2)
Other current liabilities		**7**	5
Cash generated from operations		**12**	-
Income taxes received		**(4)**	136
Interest paid		**(812)**	(658)
Cash flows from operating activities		**(804)**	(522)
Cash flows from financing activities			
Change in financing from other group companies	7,9	**804**	522
Cash flows from financing activities		**804**	522
Change in cash and cash equivalents		**-**	-
Cash and cash equivalents at the beginning of the year		**-**	-
Cash and cash equivalents at the end of the year		**-**	-

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. Therefore, apart from any accounts held with local banks, amounts invested with/drawn down from the Siemens AG accounts are shown as an intercompany balance. Changes in the balances on these facilities are included in cash flows from financing activities in the Statement of Cash Flows. An increase in cash that is loaned to the cash pool is shown as a cash outflow from financing activities, and an increase in cash borrowed from the cash pool is shown as a cash inflow from financing activities.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (in thousands of £)

	Share capital	Share premium	Retained earnings	Total equity
Brought forward October 1, 2017	48,000	34,675	(26,724)	55,951
Net loss for the financial year	-	-	(535)	(535)
Total comprehensive loss for the financial year	-	-	(535)	(535)
Balance at September 30, 2018	48,000	34,675	(27,259)	55,416
Brought forward October 1, 2018	**48,000**	**34,675**	**(27,259)**	**55,416**
Net loss for the financial year	**-**	**-**	**(654)**	**(654)**
Total comprehensive loss for the financial year	**-**	**-**	**(654)**	**(654)**
Balance at September 30, 2019	**48,000**	**34,675**	**(27,913)**	**54,762**

1. Basis of presentation

The accompanying financial statements present the operations of VA Tech (UK) Limited ('the Company') and have been prepared and approved by the directors in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and applied in accordance with the Companies Act 2006. The financial statements were authorised for issue by the Board of Directors on January 15, 2020. The financial statements are generally prepared on the historical cost basis, except as stated in note 2.

The Company has prepared and reported its financial statements in Great British Pounds (GBP or £) and the financial information is disclosed in thousands of £, except where stated otherwise. 'k' denotes thousands of £ and 'm' denotes millions of £. Due to rounding, numbers presented may not add up precisely to totals provided. The Company is a United Kingdom based company incorporated in England and Wales and is a holding company for subsidiaries which operate in the electrical transmission and distribution industry.

The financial statements contain information about The Company as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Siemens AG, a company incorporated in Germany.

The Company applied all standards and interpretations issued by the International Accounting Standards Board ('IASB') that were effective as of September 30, 2019. In these financial statements, the term 'Group' refers to all companies for whom the ultimate parent undertaking is Siemens AG. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Siemens AG has confirmed that it intends to provide financial support to the Company, which together with their assessment of the ongoing operations is in the directors' opinion sufficient to meet the Company's liabilities for at least 12 months from the date of this report. Thus, the Company continues to adopt the going concern basis of preparation for the financial statements.

2. Summary of significant accounting policies and critical accounting estimates

Income from interest - Interest is recognised using the effective interest rate method.

Investments — Investments are stated at their historic cost to the Company less provisions for any impairment. The determination of the recoverable amount of an investment involves the use of estimates by management. The Company uses discounted cash flow-based methods applied to the cash-generating unit underlying the investment. These discounted cash flow calculations typically use five-year projections that are based on the financial plans. Cash flow projections take into account past experience and represent management's best estimate about future developments. Cash flows after the planning period are extrapolated using individual growth rates. Key assumptions which management has based its determination of fair value less costs to sell and value in use include estimated growth rates, weighted average cost of capital and tax rates. These estimates, including the methodology used, can have a material impact on the values and ultimately the amount of any investment impairment.

Income taxes — The Siemens Group operates in various tax jurisdictions and therefore has to determine tax positions under respective local tax laws and tax authorities' views which can be complex and subject to different interpretations of tax payers and local tax authorities Under the liability method, deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are recognised if sufficient future taxable profit is available, including income from forecasted operating earnings, the reversal of existing taxable temporary differences and established tax planning opportunities. As of each period-end, management evaluates the recoverability of deferred tax assets, based on projected future taxable profits. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, Siemens believes it is probable the Company will realise the benefits of these deductible differences. As future developments are uncertain and partly beyond management's control, assumptions are necessary to estimate future taxable profits as well as the period in which deferred tax assets will recover. Estimates are revised in the period in which there is sufficient evidence to revise the assumption.

Financial instruments - A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company does not use the category held to maturity and does not use the option to designate financial assets or financial liabilities at fair value through profit or loss at inception (Fair Value Option). Based on their nature, financial instruments are classified as financial assets and financial liabilities measured at cost or amortised cost and financial assets and financial liabilities measured at fair value and as receivables from finance leases. For additional information refer to note 13.

Regular way purchases or sales of financial assets are accounted for at the trade date. Initially, financial instruments are recognised at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are only recognised in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. Receivables from finance leases are recognised at an amount equal to the net investment in the lease. Subsequently, financial assets and liabilities are measured according to the category to which they are assigned to:

Financial assets measured at amortised cost – Loans, receivables and other debt instruments held in a hold-to-collect business model with contractual cash flows that represent solely payments of principal and interest are measured at amortised cost using the effective interest method less valuation allowances for expected credit losses.

Valuation allowances are set up for expected credit losses, representing a forward-looking estimate of future credit losses involving significant judgment. Expected credit loss is the gross carrying amount less collateral, multiplied by the probability of default and a factor reflecting the loss in the event of default. Valuation allowances are not recognised when the gross carrying amount is sufficiently collateralised. Probabilities of default are mainly derived from rating grades determined by Siemens Financial Services Limited (SFS), another group company. A simplified approach is used to assess expected credit losses from trade receivables, lease receivables and contract assets by applying their lifetime expected credit losses. The valuation allowance for loans and other long-term debt instruments primarily held at SFS is measured according to a three-stage impairment approach:

Stage 1: At inception, 12-month expected credit losses are recognised based on a twelve months probability of default.

Stage 2: If the credit risk of a financial asset increases significantly without being credit-impaired, lifetime expected credit losses are recognised based on a lifetime probability of default. A significant increase in credit risk is determined for each individual financial instrument using credit ratings provided by Siemens Financial Services Limited (SFS). A rating deterioration does not trigger a transfer into Stage 2, if the credit rating remains within the investment grade range. More than 30 days past due payments will not be transferred into Stage 2, if the delay is not credit-risk-related.

Stage 3: If the financial asset is credit-impaired, valuation allowances equal lifetime expected credit losses. A financial asset is considered credit-impaired when there is observable information about significant financial difficulties and a high vulnerability to default, however, the definition of default is not yet met. Impairment triggers include liquidity problems, a request for debt restructuring or a breach of contract. A credit-risk driven contractual modification always results in a credit-impaired financial asset.

Financial assets are written off as uncollectible if recovery appears unlikely. Generally, if the limitation period expired, when a debtor's sworn statement of affairs is received, or when the receivable is not pursued due to its minor value. Receivables are written off when bankruptcy proceedings close.

Financial liabilities — The Company measures financial liabilities, except for derivative financial instruments, at amortised cost using the effective interest method.

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 from group companies* and *Amounts due to group companies.*

New and amended standards effective for the year ended September 30, 2019:

IFRS 9 - Financial Instruments

The Company has adopted IFRS 9 retrospectively as of October 1, 2018 and have not adjusted comparative figures for the preceding fiscal year, in accordance with IFRS 9 transitional provisions. IFRS 9 introduces a single approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model they are managed in. This provides a new impairment model based on expected credit losses. IFRS 9 also includes new regulations regarding the application of hedge accounting to better reflect an entity's risk management activities especially with regard to managing non-financial risks. The Company has applied the simplified impairment model to recognise lifetime expected credit losses of trade receivables, contract assets and lease receivables. Existing hedge accounting relationships has also met the hedge accounting requirements under IFRS 9. The adoption has not had a significant impact on the Company.

New standards and interpretations not yet adopted

IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments

The interpretation, effective for years beginning after January 1, 2019, addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12, Income Taxes. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Company is currently assessing the impact of this amendment.

Definition of a Business - (Amendments to IFRS 3)

The IASB issued amendments, effective for annual periods beginning on or after January 1, 2020, to the definition of a business in IFRS 3, Business Combinations, to help entities determine whether an acquired set of activities and assets is a business or not. This will be effective from October 1, 2020, however the Company is not expecting to be affected by these amendments on transition.

YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (in thousands of £)

Prepayment Features with Negative Compensation - (Amendments to IFRS 9)

The amendments to IFRS 9, effective for annual periods beginning on or after January 1, 2019, clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. This will be effective from October 1, 2019, however the Company is not expecting any material impact by these amendments on transition.

Definition of Material - (Amendments to IAS 1 and IAS 8)

In October 2018, the IASB issued amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments, effective for annual periods beginning on or after January 1, 2020, require an entity to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. This will be effective from October 1, 2020, however the Company is not expecting any material impact by these amendments on transition.

3. Operating profit / (loss) has been arrived at after charging/(crediting):

	Year ended September 30,	
	2019	2018
Auditor's remuneration:		
- audit of financial statements	**5**	2

Amounts payable to Ernst & Young LLP and their associates by the Company in respect of non-audit services were £nil (2018: £nil).

4. Directors' emoluments

The directors' aggregate emoluments, including pension contributions, in respect of qualifying services were:

	Year ended September 30,	
	2019	2018
Emoluments receivable	**712**	627
Employer contributions to money purchase schemes	**19**	31
	731	658

The directors of the Company are also directors and employees of fellow subsidiary companies. All of the Company's directors are remunerated by Siemens plc. The directors do not believe that it is practicable to apportion their qualifying services between their services as directors of the Company and their services as directors or employees of fellow subsidiary companies.

The aggregate of emoluments and amounts receivable under long-term incentive schemes of the highest paid director was £364k (2018: £378k). One director is a member of the defined contributions scheme and benefit scheme. The accrued annual pension benefit of the highest paid director at the year-end was £3k (2018: £nil), and the accrued lump sum was £nil (2018: £nil). None of the directors have qualifying services shares receivable from a long-term incentive scheme.

YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (in thousands of £)

5. Interest income and interest expense

Interest expense is all for financial assets or liabilities that are not at fair value through the Statement of Income. The total amounts of interest income and expense were as follows:

	Year ended September 30, 2019	2018
Interest income	11	7
Interest income, net	**11**	7
Interest expense	**(823)**	(665)
Interest expense, net	**(823)**	(665)

Other interest expense, net includes all other interest amounts primarily consisting of interest relating to corporate debt, as well as interest income on corporate assets.

6. Taxes

The analysis below is in reference to the total tax expense or credit included in the Statement of Income.

	Year ended September 30, 2019	2018
Current tax:		
UK corporation tax	**(153)**	(126)
Tax credit	**(153)**	(126)

There was no deferred tax (credit) or expense in either year presented nor was there any deferred tax assets or liabilities as at September 30, 2019 and 2018.

For the years ended September 30, 2019 and 2018, the Company was subject to UK corporation tax at a rate of 19%. The total tax expense or credit differs from the amounts computed by applying the statutory UK tax rate as follows:

	Year ended September 30, 2019	2018
Net loss before tax	**(807)**	(661)
Tax at 19% (2018: 19%)	**(153)**	(126)
Increase / (decrease) in income taxes resulting from:		
Total income tax credit for the year	**(153)**	(126)

The Finance Act 2016, included a reduction in the corporate tax rate to 19% (effective from April 2017) and to 17% (effective from April 2020).

YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (in thousands of £)

7. Trade and other receivables

	September 30, 2019	2018
Receivables from group companies	**2,168**	2,834
	2,168	2,834

8. Investments

	Shares in subsidiary undertakings
Cost	
At October 1, 2017	118,000
At September 30, 2018	118,000
At October 1, 2018	**118,000**
At September 30, 2019	**118,000**
Net book value	
At October 1, 2017	118,000
At September 30, 2018 and October 1, 2018	118,000
At September 30, 2019	**118,000**

The Company performs the mandatory annual impairment test of its investment in its subsidiary in the three months ended September 30, in accordance with the accounting policy stated in note 2. The recoverable amounts for the annual impairment test in 2019 and 2018 for the Company's divisions or equivalents were estimated to be higher than the carrying amounts. Key assumptions on which management has based its determinations of the fair value less costs to sell for the divisions' or equivalents' carrying amount include terminal value growth rates up to 1.6% in 2019 and 1.0% in 2018, respectively and after-tax discount rates of 9% in 2019 and 8.0% in 2018. Where possible, reference to market prices is made.

The company set out below are the subsidiary undertaking as at September 30, 2019 and 2018. Shareholdings are in voting equity capital of company registered in England and Wales and the voting equity capital is wholly owned, except where otherwise stated.

Company:	Proportion of ordinary equity and voting rights held	Nature of business
Siemens Transmission and Distribution Limited	100%	Electrical transmission and distribution

The registered address for Siemens Transmission and Distribution Limited is Faraday House, Sir William Siemens Square, Frimley, Camberley, Surrey, GU16 8QD.

YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (in thousands of £)

9. Trade payables

	September 30, 2019	2018
Amounts due to group companies	**682**	544
	682	544

10. Debt

	September 30, 2019	2018
Short-term debt		
Short-term debt	**65,000**	-
Long-term debt		
Long-term loan from group company	-	65,000
	65,000	65,000

After the year ended September 30, 2019, the Company has renegotiated the payment terms of its long-term debt. The loan is now due to be repaid in the next financial year. This has been accounted as an adjusting subsequent event in the current year, hence disclosed as a short-term debt.

The debt is held with Siemens Financieringsmaatchappij NV, another group company.

11. Share capital

	September 30, 2019	2018
Allotted, called up and fully paid for:		
48,000,000 (2018: 48,000,000) Ordinary Shares of £1 each	**48,000**	48,000

12. Commitments and contingencies

As of September 30, 2019 and 2018, the Company had no capital commitments and contingencies.

YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (in thousands of £)

13. Additional disclosures on financial instruments

This section gives a comprehensive overview of the significance of financial instruments for the Company and provides additional information on Statement of Financial Position items that contain financial instruments.

The following table presents the carrying amounts of each category of financial assets and liabilities:

	September 30, 2019	2018
Financial assets		
Financial assets measured at amortised cost	**2,168**	2,834
	2,168	2,834
Financial liabilities		
Financial liabilities measured at amortised cost	**65,689**	65,544
	65,689	65,544

All financial assets and liabilities are measured at amortised cost.

The fair values of current receivables, trade payables and other current financial liabilities and other liabilities approximate their carrying amount largely due to the short-term maturities of these instruments.

There were no net gains / (losses) on financial assets or liabilities in either 2019 or 2018.

Collateral

The Company does not hold any collateral that can be sold or re-pledged in the absence of default by the owner on contractual terms. Nor does the Company pledge its financial assets as collateral to third parties.

Financial risk management

Interest rate risk

The Company's interest rate risk exposure is mainly related to interest-bearing deposits held with local banks and amounts invested with / drawn down from Siemens AG as part of the cash pooling facility across the worldwide group.

The approximate impact on the Statement of Income of a 1% fluctuation in interest rates would be £22k in 2019.

Credit risk

Credit risk is defined as an unexpected loss in cash and earnings if the customer is unable to pay its obligations in due time. Credit evaluations and ratings are performed on all customers with an exposure or requiring credit beyond a defined limit.

Concerning trade receivables and other receivables, as well as other receivables included in *Other financial assets* that are neither impaired nor past due, there were no indications as of September 30, 2019, that defaults in payment obligations will occur. The Company is not exposed to credit risk in connection with its receivables from other group companies.

Equity price risk

The Company does not hold investments in publicly traded companies. No equity price risk is therefore foreseen for the Company.

Liquidity risk

Liquidity risk results from the Company's potential inability to meet its financial liabilities, e.g. settlement of its financial debt, paying its suppliers and settling finance lease obligations. Beyond effective net working capital and cash management, the Company mitigates liquidity risk by arranging borrowing facilities with other Siemens companies. Amounts payable to other group companies are repayable on demand, but historically other Siemens companies have not demanded repayment of these intercompany balances.

YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (in thousands of £)

The following table reflects all contractually fixed undiscounted pay-offs for settlement, repayments and interest resulting from recognised financial liabilities.

	2019	2020	2021 to 2023	2024 and thereafter
Non derivative financial liabilities	**65,689**	-	-	-
Trade payables	**682**	-	-	-
Other financial liabilities	**65,007**	-	-	-

Cash outflows for financial liabilities without fixed amount or timing, including interest, are based on the conditions existing at September 30, 2019.

The Company has £682k (2018: £544k) amounts due to group companies included in trade payables. Historically other group companies have not demanded repayment of these intercompany balances.

To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, Siemens has established a comprehensive risk reporting covering its worldwide business units.

The balanced view of liquidity and financial indebtedness is stated in the calculation of the net liquidity amount and is used for internal management. It results from the total amount of cash and cash equivalents, amounts receivable from and due to group companies within the group cash pooling facility and finance leases with Siemens Financial Services as stated on the Statement of Financial Position. The amounts receivable and due to group companies reported below are held with Siemens AG (Siemens Financial Services division) in the group cash pooling facility. For further information, refer to the *Statement of Cash Flows.*

The following table reflects the calculation of the Company's net liquidity:

	September 30,	
	2019	2018
Receivables from group companies	**2,168**	2,834
Total liquidity	**2,168**	2,834
Short term debt and current maturities of long term debt	**(65,000)**	-
Long term debt	-	(65,000)
Total debt	**(65,000)**	(65,000)
Net debt	**(62,832)**	(62,166)

In addition to the balances above, which are held with Siemens AG in the group cash pooling facility, receivables from Siemens group companies of £nil (2018: £nil), amounts due to Siemens group companies of £682k (2018: £542k) are held outside this facility. Historically other Siemens group companies have not demanded repayment of these intercompany balances.

Capital Management

The Company defines its capital structure as net debt and equity. The primary objective of the Company's capital management is to ensure that it makes optimal use of the working capital generated from its trading profits. The Company's management focus is on generating positive cash flow from operations and maintaining a positive relationship of the Company's current assets and current liabilities.

The current ratio for 2019 was 0.04 (2018: 5.44). The Company also has access to Siemens AG cash pooling arrangement when necessary.

YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (in thousands of £)

14. Related party transactions

Transactions between the Company and its subsidiaries and associates are disclosed below.

(a) During the year, the Company entered into the following transactions with related parties:

	Interest income		Interest expense	
	Year ended 2019	Year ended 2018	**Year ended 2019**	Year ended 2018
Other group companies	**11**	7	**823**	665

(b) Year end balances arising from sales / purchases of goods:

Year end balances arising from sales / purchases of goods and services amounted to £nil (2018: £nil).

(c) Year end balances arising from loans to / from related parties:

	Amounts owed by related parties		Amounts owed to related parties	
	2019	2018	**2019**	2018
Other Siemens group companies	**2,168**	2,834	**65,682**	65,544

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

15. Remuneration of key management personnel

The remuneration of the key management personnel of the Company is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	Year ended September 30,	
	2019	2018
Short-term employee benefits	**712**	627
Post-employment benefits	**19**	31

The directors of the Company are also directors and employees of fellow subsidiary companies. All of the Company's directors are remunerated by Siemens plc. The directors do not believe that it is practicable to apportion their qualifying services between their services as directors of the company and their services as directors or employees of fellow subsidiary companies.

16. Directors' transactions

No such transactions occurred in 2019 or 2018 which require disclosure under the requirements of s413 of the Companies Act 2006 and IAS 24 with the directors (or other key management personnel).

17. Subsequent events

The Company has renegotiated the payment terms of its long-term debt after the year ended September 30, 2019. The debt is now due to be repaid in the next financial year. This is treated as an adjusting event and the loan has been accounted as a short term loan in the current year.

There were no other significant events after the reporting period.

18. Ultimate parent undertaking

The ultimate parent undertaking is Siemens AG, incorporated in Germany. Siemens AG is the only group undertaking of which the Company is a member for which group financial statements are prepared. Copies of the group financial statements are available on the internet at http://www.siemens.com/annualreport or obtained from:

Siemens AG
Werner-von-Siemens-Strasse 1
D-80333 Munich
Germany

The immediate parent undertaking is Siemens Holdings Plc, a company incorporated in England and Wales.