

**Alstom Electronics Limited (formerly
Bombardier Transportation
(Rolling Stock) UK Limited)**

**Directors' Report, Strategic Report and Financial
Statements**

For the 15 months ended 31 March 2023

Registered number 02988520



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Company Information

Directors

D A Johnston
S MacLeod
P J Broadley (Appointed 3 March 2022)

Secretary

C G Hakes

Registered office

Litchurch Lane
Derby
Derbyshire
DE24 8AD
United Kingdom

Registered number

02988520

Auditors

Fraser Russell Limited
77 Francis Road, Edgbaston
Birmingham
B16 8SP
United Kingdom

Principal bankers

Deutsche Bank AG London
6 Bishopsgate
London
EC2P 2AT
United Kingdom

Solicitors

Hogan Lovells
Atlantic House
Holborn Viaduct
London
EC1A 2FG

Pinsent Masons LLP
30 Crown Place
London
EC2A 4ES

Directors Report

The Directors present their Report and the Financial Statements for the 15 months ended 31 March 2023.

Results and dividends for the period

The profit for the period from continuing operations after taxation was £774,000 (2021: loss of £423,000). Dividends of £18,000,000 were paid during the period (2021: £nil).

A more detailed review of the Company's key financial and other performance indicators during the period are included in the Strategic Report.

Going Concern

The company's business activities, together with the factors likely to affect its future development and position, are discussed in the Strategic Report. These factors have been considered when preparing the financial projections of the Company.

As of 31 March 2023, the Company had net current assets of £3.7m (2021: £20.8m), and net assets of £3.6m (2021: £20.8m). Total current liabilities were £1m (2021: £3.5m) as at the end of the period, with non-current liabilities of £0.2m (2021: £0.3m).

The Directors have prepared financial forecasts based on appropriate assumptions in line with the projections of its major customer, ALSTOM Engineering and Services Ltd. The projections take into account the current expected revenues and its cost base. This forecast show that the company is expected to meet its liabilities as they fall due for a period of 12 months from the date of approval of the 2023 financial statements.

On the basis of the forecasts prepared by management, the Directors are satisfied that the Company is able to meet its liabilities as they fall due in the foreseeable future. Accordingly, the directors believe it is appropriate to prepare the financial statements on the going concern basis.

Share Capital Reduction

On the 24th March 2023, the share capital of the Company was reduced from 12,000,000 Ordinary Shares of £1 each to 1 Ordinary Share of £1 each.

Directors

The Directors who served during the period and subsequent changes are noted on the Company Information page. The Company has granted an indemnity to one or more of its Directors against any liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provisions remains in force as at the date of approving the Directors' Report.

Political and charitable donations

No political contributions or charitable donations were made during the current or preceding period.

Employee involvement

The Company's policy is to use the consultative procedures agreed with its staff and elected representatives to ensure information and views are exchanged and to improve the awareness of the financial and economic factors which affect it. Communication with employees is through an internal group communication network and a formal structure of regular briefing sessions.

Disabled persons

The Company is committed to the employment of disabled persons. In common with other members of the group, where existing employees become disabled, it is the Company's policy wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate. The Company does not discriminate on the grounds of disability in recruitment.

Directors' Report (continued)

Future developments

The Directors consider that the business will continue to operate as it has in the current period. There are no events, of which the Directors are currently aware, that will affect the manner in which the Company operates.

Financial instruments

The company uses various financial instruments. These include mainly bank loans and overdrafts and various other items such as trade debtors and trade creditors that arise directly from its operations.

The main purpose of these financial instruments is to raise finance for the company's operations to assist it with its working capital requirements and help with its continued growth. These are reviewed on a regular basis by the company.

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its Report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditors, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the Board,



Peter Broadley (Dec 4, 2023 14:27 GMT)

P J Broadley
Director

4 December 2023

Strategic Report

The Directors have pleasure in presenting their Strategic Report for the period ended 31 March 2023.

Principal business activity and business review

The principal activity of the business is the design, manufacture and refurbishment of Passenger Information Systems (PIS) used in the Rail Industry. This includes provision of digital solutions including fully integrated media screens, train destination displays, drivers control panels, saloon loudspeakers, drivers & guards handsets, coach controllers and call for aid units.

In view of the climate prevailing in the railway industry, the Directors believe that the development and performance of the business is satisfactory and that the results for the period and the position of the Company's balance sheet are satisfactory.

The Directors consider that the business will continue to operate as it has in the current period. There are no events, of which the Directors are currently aware, that will affect the manner in which the Company operates.

Results and dividends

The profit for the period from continuing operations after taxation was £774,000 (2021: loss of £423,000). The Directors recommended the payment of a dividend of £18m in the current period (2021: £nil). The Company's key financial and other performance indicators during the period for continuing operations were as follows:

	15 months to March 2023	12 months to December 2021	Period on period variance
	£'000	£'000	£'000
Company turnover	6,534	4,953	1,581
Gross profit	3,430	2,344	1,086
Total operating profit	861	39	822
Profit/(Loss) after taxation from continuing operations	774	(423)	1,197
Average number of employees	43	44	(1)

Principal risks and uncertainties

The main risks arising from the Company's financial instruments are liquidity risk, credit risk, interest rate risk and business risk.

Liquidity risk

The Company aims to maintain a balance between continuity of funding and flexibility by ensuring that sufficient borrowing facilities are in place by reference to forecast debt levels.

Credit risk

The Company extends credit only to recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade debtor balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Strategic Report

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates to its cash and short-term deposits, and decommissioning and dilapidations provisions, all of which have floating interest rates. The Company actively participated in the Alstom Group's cash pooling scheme and therefore received appropriate interest rates from Group treasury.

Business risk

The Company has processes and procedures in place to identify and manage business risks. Key business risks include:

- the ability to source new contracts, which is in part dependent on future government spending and environmental policies, taking into account factors such as the war in Ukraine and product obsolescence;
- product performance;
- supply chain performance and sourcing risks; and
- legislative and regulatory pressures.

The company continues to work closely with supply chain and other stakeholders to understand and manage any remaining risk from Brexit.

The Company believes that the risks are adequately mitigated through a commitment to quality and continuous improvement, establishment of a business-wide compliance structure, through open dialogue with key stakeholders including customers, suppliers and through proactive lobbying to inform and influence the content and implementation of new legislation and regulations.

On behalf of the Board,



Peter Broadley (Dec 4, 2023 14:27 GMT)

P J Broadley
Director

4 December 2023

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report, Strategic Report and the Financial Statements in accordance with applicable UK law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial period. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 a going concern basis unless they consider that to be inappropriate.

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

Independent Auditors' Report to the Members of Alstom Electronics Limited (Formerly Bombardier Transportation (Rolling Stock) UK Ltd)

Opinion

We have audited the financial statements of Alstom Electronics Limited (Formerly Bombardier Electronics Limited (Rolling Stock) UK Ltd) (the 'company') for the 15 months ended 31 March 2023 which comprise the Statement of Comprehensive Income including the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of the company's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice); and
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditors' Report to the Members of Alstom Electronics Limited (Formerly Bombardier Transportation (Rolling Stock) UK Ltd

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 the directors' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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 6, 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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud are instances of non-compliance with laws and regulations. We designed procedures in line with our responsibilities outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularity including fraud is detailed below.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our: general commercial and sector experience; through verbal and written communications with those charged with governance and other management; through communications with other company auditors, through communications with legal counsel, and via inspection of the company's regulatory and legal correspondence.

Independent Auditors' Report to the Members of Alstom Electronics Limited (Formerly Bombardier Transportation (Rolling Stock) UK Ltd

We discussed with those charged with governance and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations to our team [and remained alert to any indicators of non-compliance throughout the audit, we also specifically considered where and how fraud may occur within the company.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements, including: the company's constitution, relevant financial reporting standards; company law; tax legislation and distributable profits legislation and we assess the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on the amounts or disclosures in the financial statements for instance through the imposition of fines and penalties, or through losses arising from litigations. We identified the following areas as those most likely to have such an affect: operating licences; employment legislation; health and safety legislation; trade and export legislation; legislation relevant to the commercial/domestic property rental environment; the regulatory requirements; GDPR; anti-bribery and corruption legislation.

International Auditing Standards (UK) limit the required procedures to identify non-compliance with these laws and regulations to the procedures, and no procedures over and above those already noted are required. These limited procedures [did not] identify any actual or suspected non-compliance which laws and regulations that could have a material impact on the financial statements.

In relation to fraud, we performed the following specific procedures in addition to those already noted:

- Challenging assumptions made by management in its significant accounting estimates in particular: Warranty provision, Dilapidation provision and Depreciation;
- Identifying and testing journal entries, in particular any entries posted with unusual nominal ledger account combinations, journal entries crediting cash or any revenue account, journal entries posted by senior management;
- Performing analytical procedures to identify unexpected movements in account balances which may be indicative of fraud;
- Ensuring that testing undertaken on both the Statement of Comprehensive Income including Profit or Loss Account and the Balance Sheet includes a number of items selected on a random basis;

These procedures did not identify any actual or suspected fraudulent irregularity that could have a material impact on the financial statements.

Independent Auditors' Report to the Members of Alstom Electronics Limited (Formerly Bombardier Transportation (Rolling Stock) UK Ltd

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with International Auditing Standards UK). For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the procedures that we are required to undertake would identify it. In addition, as with any audit, there remains a high risk of non-detection of irregularities, as these might involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal controls. We are not responsible for preventing non-compliance with laws and regulations or fraud, and cannot be expected to detect non-compliance with all laws and regulations or every incidence of fraud.

A further description of our responsibilities is available on the FRC's website at:

<https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditors-responsibilities-for>

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 Auditors' 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.

Shokat Zaman

(Senior Statutory Auditor)

For and on behalf of Fraser Russell Limited, Statutory Auditor

77 Francis Road

Edgbaston

Birmingham

B16 8SP

Date:

Statement of Comprehensive Income including Profit and Loss Account

For the 15 months ended 31 March 2023

	<i>Note</i>	15 months 2023 £'000	12 months 2021 £'000
Turnover	3	6,534	4,953
Cost of sales		<u>(3,104)</u>	<u>(2,609)</u>
Gross profit		3,430	2,344
Administrative expenses		<u>(2,569)</u>	<u>(2,305)</u>
Operating profit	4	861	39
Interest receivable	7	504	18
Interest payable	6	<u>(7)</u>	<u>(10)</u>
Profit before taxation		1,358	47
Tax Expense	8	<u>(584)</u>	<u>(470)</u>
Profit/(loss) for the period and Total Comprehensive profit/(loss)		<u>774</u>	<u>(423)</u>

There were no gains or losses recognised in either the current or the preceding period other than those disclosed above.

The notes on pages 14 to 26 form part of these Financial Statements.

Statement of Changes in Equity

For the 15 months ended 31 March 2023

	Share Capital	Profit and Loss Account	Shareholders' Funds
	£'000	£'000	£'000
At 1 January 2021	12,000	9,228	21,228
Total comprehensive loss for the period	-	(423)	(423)
At 31 December 2021	12,000	8,805	20,805
Total comprehensive profit for the period	-	774	774
Capital reduction (note 15)	(12,000)	12,000	-
Dividends paid	-	(18,000)	(18,000)
At 31 March 2023	-	3,579	3,579

The notes on pages 14 to 26 form part of these Financial Statements.

Balance Sheet

Company Registration Number: 02988520

As at 31 March 2023

	<i>Note</i>	2023	2021
		£'000	£'000
Fixed Assets			
Tangible fixed assets	9	51	135
Right of use assets	10	19	167
		<u>70</u>	<u>302</u>
Current assets			
Stocks	11	1,721	1,786
Debtors	12	2,924	22,508
Total current assets		<u>4,645</u>	<u>24,294</u>
Current liabilities			
Creditors: amounts falling due within one year	13	(956)	(3,525)
Net current assets		<u>3,689</u>	<u>20,769</u>
Total assets less current liabilities		<u>3,759</u>	<u>21,071</u>
Non-current liabilities			
Creditors: amounts falling due after one year	13	-	(33)
Provisions for liabilities	14	(180)	(233)
		<u>(180)</u>	<u>(266)</u>
Net assets		<u>3,579</u>	<u>20,805</u>
Capital and reserves			
Called up share capital	15	-	12,000
Profit and loss account	16	3,579	8,805
Shareholders' funds		<u>3,579</u>	<u>20,805</u>

The notes on pages 14 to 26 form part of these Financial Statements.

These Financial Statements were approved and authorised for issue by the Board of Directors on the date shown below and were signed on its behalf by:



Peter Broadley (Dec 4, 2023 14:27 GMT)

P J Broadley
 Director

4 December 2023

Notes to the Financial Statements

1. Authorisation of Financial Statements and compliance with FRS 101

The Financial Statements of ALSTOM Electronics Limited (the "Company") for the period ended 31 March 2023 were authorised and issued by the Board of Directors as indicated on page 13. The Company changed its name on 5 December 2023 from Bombardier Transportation (Rolling Stock) UK Limited to ALSTOM Electronics Limited.

ALSTOM Electronics Limited is a private company incorporated with ordinary share capital. The Company was incorporated and has its registered office and principal place of business at Litchurch Lane, Derby, Derbyshire DE24 8AD, and has a registered number of 02988520.

These Financial Statements are presented in Great British Pound Sterling and all values are rounded to the nearest thousand pounds, except where otherwise stated. The Financial Statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The Company has taken advantage of the exemption provided by Financial Reporting Standard 101, from the requirement to provide a Statement of cash flows.

2. Accounting policies**2.1 Basis of preparation**

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting Standards.

FRS 101 requires that the Statement of Comprehensive Income including Profit and Loss Account and Balance Sheet are presented in the format requirements of the Companies Act 2006, rather than the requirements of International Accounting Standard (IAS) 1 - Presentation of Financial Statements.

A summary of the disclosure exemptions under FRS 101 are presented below. Equivalent disclosures for share based payments and financial instruments are included in the group consolidated Financial Statements allowing the exemptions to be applied.

Area	Disclosure exemption
Statement of cash flows	Complete exemption from preparing a Statement of Cash Flows
Share-based payments	Exemption from disclosure of financial information as required by paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment, as the share-based payments concern the instruments of another group entity.
Financial instrument disclosures	Exemption from the disclosure requirements of IFRS 7 (Financial Instruments) and related IFRS 13 disclosures Disclosures in respect of management's objectives, policies and processes for managing capital (IAS1.134 to 136)
Related party disclosures	Exemption for related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to a transaction is wholly owned by such a member. Exemption from disclosure of key management personnel compensation
Comparative information	Exemption from comparative for movements on share capital, tangibles, intangibles and investment property.
Presentation of Financial Statements	Exemption from statement of compliance with IFRS, cashflow information and capital management policy.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Going Concern

The company's business activities, together with the factors likely to affect its future development and position, are discussed in the Strategic Report. These factors have been considered when preparing the financial projections of the Company.

As of 31 March 2023, the Company had net current assets of £3.7m (2021: £20.8m), and net assets of £3.6m (2021: £20.8m). Total current liabilities were £1m (2021: £3.5m) as at the end of the period, with non-current liabilities of £0.2m (2021: £0.3m).

The Directors have prepared financial forecasts based on appropriate assumptions in line with the projections of its major customer, ALSTOM Engineering and Services Ltd. The projections take into account the current expected revenues and its cost base. This forecast show that the company is expected to meet its liabilities as they fall due for a period of 12 months from the date of approval of the 2023 financial statements.

On the basis of the forecasts prepared by management, the Directors are satisfied that the Company is able to meet its liabilities as they fall due in the foreseeable future. Accordingly, the directors believe it is appropriate to prepare the financial statements on the going concern basis.

2.2 International Reporting Standards Issued prior to their mandatory effective date.

In terms of FRS 101, the company is exempt from disclosures regarding the impact of accounting standards issued but not yet effective.

2.3 Judgements and key sources of estimating uncertainty

The application of the Company's accounting policies requires management to make judgement estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period.

Management's best estimates concerning the future are based on the facts and circumstances available at the time estimates are made, however, the nature of estimation means that actual outcomes could differ from those estimates.

The following identifies areas where management's judgements and estimates have the most significant effect on amounts recognised in the financial statements.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Provisions

Management judgement is required to determine the amount of provisions for warranty costs and dilapidations expenditure, and is based on a thorough assessment of facts and circumstances. The amounts recorded represent management's best estimates.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

2.4 Significant accounting policies

Revenue recognition

Revenue, which is stated net of value added tax, represents amounts invoiced to third parties and/or amounts recoverable on contracts. Revenue is attributable to the design and manufacture of electrical systems, looms, harnesses and cubicles for use in the construction of railway carriages, and the manufacture of interior systems and drivers' desks for railway equipment.

Revenue is recognised when the significant risks and rewards of ownership of goods is passed to the buyer, usually on dispatch of the goods.

Deferred taxation

Deferred taxation is recognised in respect of all temporary differences that have originated but have not been reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, or receive more tax.

The exception to this is that deferred taxation assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits generated by the Company from which the underlying temporary differences can be deducted.

Deferred taxation is measured on an undiscounted basis at the taxation rates that are expected to apply in the periods in which temporary differences reverse, based on taxation rates and laws enacted or substantively enacted at the balance sheet date.

Fixed assets and depreciation

All fixed assets are initially recorded at cost or valuation.

Depreciation is charged to the profit and loss account on a straight-line basis and is provided on all fixed assets, except for freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Motor vehicles	- over 3 years
Plant and machinery	- 3 to 20 years

Repairs of assets are charged to the Statement of Comprehensive Income including Profit and Loss Account as incurred. The carrying values of fixed assets are reviewed if events or changes in circumstances indicate the carrying values may be impaired

Impairment of non-financial assets

The Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Trade and other debtors

Trade debtors, which generally have 30 – 90-day terms, are recognised and carried at the lower of their original invoice value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when in line with the Expected Credit Loss (ECL) method prescribed by IFRS 9. Balances are written off when the probability of recovery is assessed as being remote. IFRS 9 requires the company to apply an expected credit loss impairment model that requires more timely recognition of expected credit losses. The standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Stocks

Stocks comprise raw materials, work in progress and finished goods and are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is calculated including materials, labour and the attributable overheads according to the stage of production. Stock provisions are calculated upon comparison of current stock holding with all future planned demand on a part by part basis. Such provisions are reviewed by the management on a regular basis to decide if any parts are surplus to requirements.

Financial assets

Financial assets are recognised when the Company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss; or as loans and receivables, as appropriate. The Company determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, being the date that the Company commits to purchase or sell the asset. Regular way transactions require delivery of assets within the timeframe generally established by regulation or convention in the market place. The subsequent measurement of financial assets depends on their classification, as follows:

Financial assets classified as held for trading and other assets designated as such on inception are included in this category. Financial assets are classified as held for trading if they are acquired for sale in the short term. Derivatives are also classified as held for trading unless they are designated as hedging instruments. Financial assets are carried in the balance sheet at fair value with gains or losses recognised in the statement of profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available for sale. Such assets are carried at amortised cost using the effective interest method if the time value of the money is significant. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities

Financial liabilities are recognised when the Company becomes party to the contracts that give rise to them and are classified as financial liabilities at fair value through profit or loss.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the amount is material and is expected that the settlement of the obligation is more than one year or after the normal operating cycle of the business, the expected future cash flows are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Warranty costs

A provision for warranty cost is recorded when revenue for the underlying product is recognised. The cost is estimated based on a number of factors, including the historical warranty claims and cost experience, the type and duration of the warranty coverage, the nature of products sold and counter-warranty coverage available from the Company's suppliers. Warranty expense is recorded as a component of cost of sales in the Statement of Comprehensive Income including Profit and Loss Account. The effect of the time value of money is not material and therefore the provisions are not discounted.

Dilapidation costs

The provision for dilapidation represents the cost of restoring the site after the start of the occupancy. Changes in the provision are recorded within cost of sales in the Statement of Comprehensive Income including Profit and Loss Account.

Dilapidation costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices and adjusted for risks specific to the liability. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

The Company reviews its recorded provisions on a quarterly basis and any adjustment is recognised in income.

Decommissioning costs

The provision for decommissioning represents the cost that will arise from rectifying changes to leased and rented properties made before occupancy of sites commences. Accordingly, a provision is recognised, and a decommissioning asset is recognised and included within tangible assets (notes 9 and 14).

In line with IAS 37, assets for decommissioning costs are created and a provision is made for the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The unwinding of the decommissioning obligation is included in interest payable and similar charges, and the asset is amortised over the length of the lease and charged to cost of sales. Estimated future costs of decommissioning obligations are reviewed regularly and adjusted as appropriate for new circumstances including changes in law or technology. Changes in estimates are capitalised or reversed against the relevant asset. Estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Pension

The Company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the Company to the fund in respect of the period.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset;
- The Company has the right to obtain substantially all of the economic benefits from using the asset; throughout its period of use; and
- The Company has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. The Company recognises a right-of-use (ROU) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as other fixed assets. In addition, the ROU asset is periodically reduced by impairment losses where relevant.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the asset has been reduced to zero.

The Company has elected not to recognise ROU assets and lease liabilities for short term leases of assets that have a lease term of 12 months or less. The Company recognises the lease payments on these leases as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements (continued)

3 Turnover

All reported turnover and operating profit is considered to originate from the UK, turnover recognised in the Statement of Comprehensive Income including Profit and Loss Account is analysed as follows:

	2023	2021
	£'000	£'000
Sales deliveries	6,534	4,953
Total	6,534	4,953

4 Operating profit

The profit from continuing activities before taxation is stated after charging:

	2023	2021
	£'000	£'000
Cost of stock recognised as an expense included in cost of sales (including write down of stocks to net realisable value)	30	11
Depreciation of fixed assets		
- Owned assets	123	90
- Right of use assets	148	121
Auditor remuneration	23	18

5 Staff costs and Directors' emoluments

	2023	2021
	£'000	£'000
a) Staff costs		
Wages and salaries	1,724	1,410
Social security costs	164	177
Other pension costs	134	135
	2,022	1,722

b) Average monthly number of employees during the period

	2023	2021
	No.	No.
Production	18	20
Engineering	15	14
Project Management	1	1
Administration	9	9
	43	44

c) Directors' emoluments

Directors' emoluments have been borne by a group company, ALSTOM Engineering and Services Ltd. The Directors of the Company are also Directors or officers of a number of the Companies within the Alstom Group. The Directors' services to the Company do not occupy a significant amount of their time. As such the Directors do not consider that they have received any remuneration for their incidental services to the Company for the periods ended 31 March 2023 and 31 December 2021.

Notes to the Financial Statements (continued)

6 Interest payable and similar charges

	2023	2021
	£'000	£'000
Interest on leases	2	6
Other	5	4
	<u>7</u>	<u>10</u>

7 Interest receivable

	2023	2021
	£'000	£'000
Amounts received from Group undertakings	494	8
Bank interest receivable	10	10
	<u>504</u>	<u>18</u>

8. Taxation on profit

	2023	2021
	£'000	£'000
a) Analysis of taxation charge		
Current corporation tax		
Current period Group Relief payable	251	127
Adjustments in respect of previous periods	330	(1)
	<u>581</u>	<u>126</u>
Deferred taxation		
Origination and reversal of temporary differences	3	2
Adjustments in respect of previous periods	-	380
Adjustment for change in tax rate	-	(38)
	<u>3</u>	<u>344</u>
Taxation on profit (Note 8(b))	<u>584</u>	<u>470</u>

Notes to the Financial Statements (continued)

8. Taxation on profit (continued)	2023 £'000	2021 £'000
b) Reconciliation of total taxation charge		
Profit before tax	1,358	47
Profit multiplied by standard rate of corporation taxation in the UK of 19.00% (2021: 19.00%)	259	9
<u>Effects of:</u>		
Permanent adjustments	(5)	120
Adjustment in respect of prior period	330	379
Adjustment for change in tax rate	-	(38)
Total tax charge for the period (Note 8(a))	584	470

c) Factors that may affect future tax charges

On 3 March 2021 the Chancellor announced that the tax rate would increase from 19% to 25% with effect from 1 April 2023.

9. Tangible fixed assets	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2022	1,074	3	1,077
Additions	39	-	39
At 31 March 2023	1,113	3	1,116
Depreciation			
At 1 January 2022	939	3	942
Charge for the period	123	-	123
At 31 March 2023	1,062	3	1,065
Net book value			
At 31 December 2021	135	-	135
At 31 March 2023	51	-	51

Included in plant and machinery is £59,000 in respect of the decommissioning provision on the office lease (2021: £59,000), the depreciation on the asset amounts to £58,220 (2021: £50,352).

Notes to the Financial Statements (continued)

10 Right of use assets

	Buildings	Cars	Total
	£'000	£'000	£'000
Cost: At 1 January 2022 & 31 March 2023	498	39	537
Depreciation			
At 1 January 2022	339	31	370
Charge for the period	141	7	148
At 31 March 2023	480	38	518
Net book value			
At 31 December 2021	159	8	167
At 31 March 2023	18	1	19

11 Stocks

	2023 £'000	2021 £'000
Raw materials and consumables	1,258	1,272
Work in progress	332	455
Finished goods	131	59
	1,721	1,786

The difference between purchase price or production cost of stocks and their replacement cost is not material.

12 Debtors

	2023 £'000	2021 £'000
a) Debtors due after one year		
Deferred taxation (note 14b)	156	159
	156	159
b) Debtors due within one year		
	2023 £'000	2021 £'000
Trade debtors	465	472
Amounts owed by group undertakings	2,012	21,736
Prepayments and accrued income	71	141
Other debtors	220	-
	2,768	22,349
	2,924	22,508

Notes to the Financial Statements (continued)

13 Creditors

	2023 £'000	2021 £'000
a) Creditors falling due within one year		
Trade creditors	627	229
Other taxes and social security	77	-
Group relief payable	251	3,168
Lease liabilities - within 1 Year	1	128
	<u>956</u>	<u>3,525</u>
b) Creditors falling due after one year		
Lease liabilities - after 1 Year	-	33

14 Provisions

a) Provisions for liabilities

	Warranty £'000	Dilapidations £'000	Total £'000
At 1 January 2022	149	84	233
Arising during the period	131	5	136
Unused amounts released during the period	(189)	-	(189)
At 31 March 2023	<u>91</u>	<u>89</u>	<u>180</u>

Warranty and dilapidations provisions are described in the accounting policies (note 2.4).

b) Deferred taxation

The movements in deferred taxation during the current period are as follows:

	2023 Recognised £'000	2021 Recognised £'000
Accelerated capital allowances	129	129
Other timing differences	27	30
Deferred taxation asset	<u>156</u>	<u>159</u>
		Recognised £'000
As at 1 January 2022		159
Other timing differences		(3)
Adjustments for change in tax rate		-
As at 31 March 2023		<u>156</u>

The deferred taxation asset of £156,000 (2021: £159,000) has been recognised because there is an expectation of sufficient profits to fully offset these tax deductions in the foreseeable future. There are no unrecognised amounts.

Notes to the Financial Statements (continued)

19. Parent company

The Company's immediate parent undertaking is ALSTOM Engineering and Services Limited, a company incorporated in England & Wales.

The company's ultimate parent undertaking and ultimate controlling party is ALSTOM Holdings SA, a company incorporated in France. Its address is 48, rue Albert Dhalenne, 93842 Saint-Ouen, France.