

VA TECH (UK) LIMITED
Annual report and financial statements
Registered number 03562487
September 30, 2017

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VA TECH (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

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VA TECH (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2017

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, 2017.

STRATEGIC REPORT

Principal activities

VA Tech (UK) Limited is a holding company for one subsidiary which operates in the electrical transmission and distribution industry.

General business review - Statement of Income

The performance in 2017 is in line with the expectations of the directors, and the directors believe the results for the year reflect the ongoing trading performance of the Company.

The Company made a net loss for the financial year, net of taxation of £(560)k (2016: £(653)k).

The directors work closely with management to anticipate risks from economic or global factors and plan accordingly. The uncertainty in the world's financial markets and the ongoing uncertainty exhibited within the UK economy, partly as a result of the ongoing negotiation of Britain's exit from the European Union, has been noted by the directors. An evaluation of the potential impact of market factors is undertaken regularly by the management so that the Company can respond appropriately.

General business review - Statement of Financial Position

Total assets have decreased to £121,481k (2016: £122,198k) mainly as a result of a decrease in Trade and other receivables by £535k. Trade payables have decreased by £157k.

General business review - Statement of Cash Flows

During the year, the Company has paid interest of £685k (2016: £812k) and has had a change in financing from other group companies of £379k (2016: £817k).

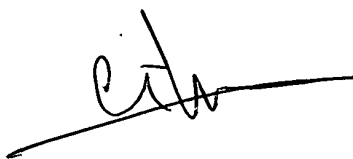
Principal risks and uncertainties

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

Approved by the directors on December 12, 2017

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, 2017

DIRECTORS' REPORT

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

GSH Weir

C Ennis

appointed October 1, 2016

None of the directors holding office at September 30, 2017 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 (2016: £nil).

FINANCIAL INSTRUMENTS

VA Tech (UK) Limited'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 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. Further information on these risks, and their potential impacts, can be found in the 2017 Siemens AG annual report.

For 2017, based on their assessment of the Company's financial position, future performance, liquidity and risks, the directors have a reasonable expectation that the Company has adequate resources to adopt the going concern basis of preparation for the financial statements.

SUBSEQUENT EVENTS

There were no 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 corporate responsibility award, to highlight and honour those individuals and employee teams whose projects highlight our commitment to making the world a better place.

Equal opportunities

The Company 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 the Company. Wherever possible, we will assist disabled employees to enable them to work for the Company and maximise their contribution and performance.

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.

VA TECH (UK) LIMITED

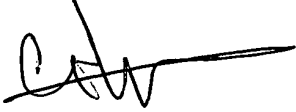
ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2017

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

A handwritten signature in black ink, appearing to be 'C Ennis', written over a horizontal line.

C Ennis
Director

Approved by the directors on December 12, 2017

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

VA TECH (UK) LIMITED

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

YEAR ENDED SEPTEMBER 30, 2017

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 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

Opinion on financial statements

We have audited the financial statements of VA Tech (UK) Limited for the year ended September 30, 2017 which comprise the Statement of 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.

In our opinion, the financial statements:

- ▶ give a true and fair view of the state of the Company's affairs as at September 30, 2017 and of its net loss for the year then ended;
- ▶ have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 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

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 set out on pages 1 to 4, 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 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statement 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.

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.

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

GuA - Tony up

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

13/12/17

VA TECH (UK) LIMITED

STATEMENT OF INCOME

For the years ended September 30, 2017 and 2016 (in thousands of £)

	Note	2017	2016
Administrative expenses		(12)	(9)
Operating loss	3	(12)	(9)
Interest income	5	2	9
Interest expenses	5	(687)	(821)
Loss from continuing operations before income taxes		(697)	(821)
Income tax credit	6	137	168
Loss from continuing operations, net of income taxes		(560)	(653)
Net loss for the financial year		(560)	(653)

Other than the net loss in the year there was no other comprehensive income in either 2017 or 2016.

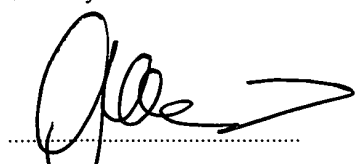
VA TECH (UK) LIMITED

STATEMENT OF FINANCIAL POSITION

As of September 30, 2017 and 2016 (in thousands of £)

	Note	2017	2016
ASSETS			
Trade and other receivables	7	3,345	3,880
Current income tax assets		136	318
Total current assets		3,481	4,198
Investments	8	118,000	118,000
Total non-current assets		118,000	118,000
Total assets		121,481	122,198
LIABILITIES AND EQUITY			
Trade payables	9	530	687
Total current liabilities		530	687
Long-term debt	10	65,000	65,000
Total non-current liabilities		65,000	65,000
Total liabilities		65,530	65,687
Equity			
Share capital	11	48,000	48,000
Share premium		34,675	34,675
Retained earnings		(26,724)	(26,164)
Total equity		55,951	56,511
Total liabilities and equity		121,481	122,198

These financial statements were approved and authorised for issue by the board of directors on December 12, 2017 and were signed on their behalf by:



GSH Weir
Director

Registered number: 03562487
VA Tech (UK) Limited

VA TECH (UK) LIMITED

STATEMENT OF CASH FLOWS

For the years ended September 30, 2017 and 2016 (in thousands of £)

	Note	2017	2016
Cash flows from operating activities			
Net loss for the financial year		(560)	(653)
Adjustments to reconcile net loss to cash flows from operating activities			
Income tax credit	6	(137)	(168)
Interest expenses, net	5	685	812
Operating loss before changes in working capital and provisions		(12)	(9)
Changes in assets and liabilities			
Cash used in operations		(12)	(9)
Income taxes received		318	4
Interest paid		(685)	(812)
Cash flows from operating activities – continuing operations		(379)	(817)
Cash flows from financing activities			
Change in financing from other group companies	7, 9	379	817
Cash flows from financing activities – continuing operations		379	817
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.

VA TECH (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

For the years ended September 30, 2017 and 2016 (in thousands of £)

	Note	Share capital	Share premium	Retained earnings	Total equity
Brought forward October 1, 2015		48,000	34,675	(25,511)	57,164
Net loss for the financial year		-	-	(653)	(653)
Total comprehensive income for the financial year		-	-	(653)	(653)
Balance at September 30, 2016		48,000	34,675	(26,164)	56,511
Brought forward October 1, 2016		48,000	34,675	(26,164)	56,511
Net loss for the financial year		-	-	(560)	(560)
Total comprehensive income for the financial year		-	-	(560)	(560)
Balance at September 30, 2017		48,000	34,675	(26,724)	55,951

VA TECH (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2017 and 2016 (in thousands of £)

1. Basis of presentation

The accompanying financial statements present the operations of the Company and have been prepared and approved by the directors in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU and applied in accordance with the Companies Act 2006. The financial statements are generally prepared on the historical cost basis, except as stated in note 2.

VA Tech (UK) Limited 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 £. VA Tech (UK) Limited 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 VA Tech (UK) Limited 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, 2017. 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.

For 2017, based on their assessment of the Company's financial position, future performance, liquidity and risks, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next twelve months from the date of approval of the financial statements. 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

Investments — Investments are stated at their historic cost to the Company less, where appropriate, provisions for any permanent or temporary impairment in value. 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 are only included 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 - cash and cash equivalents, available-for-sale financial assets, loans and receivables, financial liabilities, measured at amortised cost or financial assets and liabilities classified as held for trading.

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*.

Loans and receivables — Financial assets classified as loans and receivables are measured at amortised cost using the effective interest method less any impairment losses. Impairment losses on trade and other receivables are recognised using separate allowance accounts. The allowance for doubtful accounts involves significant management judgement and review of individual receivables based on individual customer creditworthiness, current economic trends and analysis of historical bad debts on a portfolio basis. For the determination of the country-specific

VA TECH (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2017 and 2016 (in thousands of £)

component of the individual allowance, the Company also considers country credit ratings, which are determined by the group based on information from external rating agencies. Regarding the determination of the valuation allowance derived from a portfolio-based analysis of historical bad debts, a decline of receivables in volume results in a corresponding reduction of such provisions and vice versa.

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

Borrowing costs — The Company pays or receives interest on some of its intercompany cash balances. These are recognised within interest in the Statement of Income when incurred or receivable. All costs directly attributable to the cost of a qualifying asset are capitalised.

New and amended standards effective for the year ended September 30, 2017:

IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (Amendments)

The amendments, effective for annual periods beginning on or after January 1, 2016, addresses issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption (in IFRS 10.4) from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. As the Company does not meet the definition of an 'investment entity', these amendments do not have any impact on the Company's financial statements.

IAS 1 Disclosure Initiative - Amendments to IAS 1

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- the materiality requirements in IAS 1;
- that specific line items in the Statement of Income, Statement of Comprehensive Income and the Statement of Financial Position may be disaggregated;
- that entities have flexibility as to the order in which they present the notes to financial statements;
- that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the Statement of Financial Position, the Statement of Income and the Statement of Comprehensive Income. There is no impact on the Company's financial statements as a result of this amendment.

IAS 27 Equity Method in Separate Financial Statements - Amendments to IAS 27

The amendments, effective for annual periods beginning on or after January 1, 2016, to IAS 27 Separate Financial Statements allow a company to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. Therefore, a company must account for these investments either at cost, in accordance with IFRS 9 (or IAS 39) or use the equity method. There is no impact on the Company's financial statements as a result of this amendment as the Company accounts for its investments at cost.

Annual Improvements 2012 - 2014 cycle

In September 2014, the IASB issued five amendments to four standards as part of its annual improvement cycle, effective from January 1, 2016.

IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations - Assets (or disposal groups) are generally disposed of either through sale or distribution to the owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5.

IFRS 7 Financial Instruments Disclosures:

Servicing contracts - The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS7 in order to assess whether the disclosures are required. There is no impact on the Company's financial statements as a result of this amendment as the Company does not have any servicing contracts.

Applicability of the amendments of IFRS7 to condensed interim financial statements - The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. There is no impact on the Company's financial statements as the Company does not prepare interim financial statements.

IAS 19 Employee Benefits - The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. There is no impact on the Company's financial statements as a result of this.

VA TECH (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2017 and 2016 (in thousands of £)

IAS 34 Interim Financial Reporting - The amendment clarifies that the required interim disclosures must either be in the interim financial statements and wherever they are included within the interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. There is no impact on the Company's financial statements as the Company does not prepare interim financial statements.

New standards and interpretations not yet adopted:

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended September 30, 2017, and have not been applied in preparing these financial statements. Those standards that have relevance to the Company are mentioned below:

IFRS 9 - Financial Instruments

This standard, effective for years beginning on or after January 1, 2018, is the first phase of the IASB's three-phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. The first phase addresses the requirements for the classification and measurement of financial assets and financial liabilities and hedge accounting requirements. It uses a single approach to determine whether a financial asset is measured at amortised cost or at fair value, replacing the existing rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The standard also introduces new requirements relating to financial liabilities in relation to the presentation of changes in fair value due to credit risks and the removal of an exemption from measuring certain derivative liabilities at fair value. The Company is currently assessing the impact of the adoption on the Company's financial statements.

IAS 7 Disclosure Initiative - Amendments to IAS 7

The amendments, effective for annual periods beginning on or after January 1, 2017, to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Company is currently assessing the impact of this amendment.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12

The amendments, effective for annual periods beginning on or after January 1, 2017, to IAS 12 Income Taxes clarify the accounting for deferred tax assets for unrealised losses on debt instruments at fair value. The amendments clarify that a company needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how a company should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount. The Company is currently assessing the impact of this amendment.

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. 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.

3. Operating loss from continuing operations has been arrived at after charging/(crediting):

	Year ended September 30,	
	2017	2016
Net foreign exchange loss / (gains)	-	(2)
Auditor's remuneration:		
- audit of financial statements	1	1

Amounts payable to Ernst & Young LLP and their associates by the Company in respect of non-audit services were £nil (2016: £nil).

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NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2017 and 2016 (in thousands of £)

4. Directors' emoluments

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

	Year ended September 30,	
	2017	2016
Emoluments receivable	640	1,039
Employer contributions to money purchase schemes	29	-
Compensation for loss of office	-	3
	<u>669</u>	<u>1,042</u>

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 £365,676 (2016: £767,911). One of the directors are members of the defined contributions scheme. One of the directors are members of a defined benefit scheme. The accrued annual pension benefit of the highest paid director at the year-end was £nil (2016: £nil), and the accrued lump sum was £nil (2016: £nil). Share-based payments are described in note 2. Two of the directors have qualifying services shares receivable from a long-term incentive scheme.

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,	
	2017	2016
Interest income	2	9
Interest income, net	<u>2</u>	<u>9</u>
Interest expense	(687)	(821)
Interest expense, net	<u>(687)</u>	<u>(821)</u>

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.

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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,	
	2017	2016
Current tax:		
UK corporation tax	(136)	(163)
Adjustments for prior years	(1)	(5)
	<hr/>	<hr/>
Tax credit	(137)	(168)
	<hr/>	<hr/>

Of the deferred tax expense in 2017 and the deferred tax expense in 2016, £nil and £nil, respectively, relate to the origination and reversal of temporary differences.

For the years ended September 30, 2017 and 2016, the Company was subject to UK corporation tax at a rate of 19.5% (20% during the 6 months to April 1, 2017 and 19% during the 6 months to September 30, 2017) and 20% respectively. The total tax expense or credit differs from the amounts computed by applying the statutory UK tax rate as follows:

	Year ended September 30,	
	2017	2016
Net loss before tax (continuing operations)	(697)	(821)
Tax at 19.5% (2016: 20%)	(136)	(164)
Increase / (decrease) in income taxes resulting from:		
Non-deductible losses and expenses	-	1
Over provided in prior years - current tax	(1)	(5)
	<hr/>	<hr/>
Total income tax credit for the year	(137)	(168)
	<hr/>	<hr/>

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the Statement of Financial Position date.

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). Deferred tax assets and liabilities have been measured at the enacted tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

7. Trade and other receivables

	September 30,	
	2017	2016
Receivables from group companies	3,345	3,880
	<hr/>	<hr/>
	3,345	3,880
	<hr/>	<hr/>

VA TECH (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2017 and 2016 (in thousands of £)

8. Investments

	Shares in subsidiary undertakings
Cost	
At October 1, 2015	118,000
At September 30, 2016	118,000
At October 1, 2016	118,000
At September 30, 2017	118,000
Net book value	
At October 1, 2015	118,000
At September 30, 2016 and October 1, 2016	118,000
At September 30, 2017	118,000

The companies set out below are the subsidiary undertakings as at September 30, 2017. Shareholdings are in voting equity capital of companies 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

9. Trade payables

	2017	September 30, 2016
Trade payables	-	1
Amounts due to group companies	530	686
	530	687

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

VA TECH (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2017 and 2016 (in thousands of £)

10. Debt

	2017	September 30, 2016
Long-term debt		
Long-term loan from group company	65,000	65,000
	<u>65,000</u>	<u>65,000</u>

The long term loan is held with Siemens Financieringsmaatschappij NV.

11. Share capital

Allotted, called up and fully paid:

	2017	September 30, 2016
48,000,000 (2016: 48,000,000) Ordinary Shares of £1 each	48,000	48,000

12. Commitments and contingencies

As of September 30, 2017 and 2016 the Company had no capital commitments.

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:

	2017	September 30, 2016
Financial assets		
Loans and receivables	3,345	3,880
	<u>3,345</u>	<u>3,880</u>
Financial liabilities		
Financial liabilities measured at amortised cost	65,530	65,687
	<u>65,530</u>	<u>65,687</u>

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.

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NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2017 and 2016 (in thousands of £)

Net gains / (losses) of financial instruments are as follows:

	2017	September 30, 2016
Financial assets measured at amortised cost	-	2

Net gains on loans and receivables contain changes in valuation allowances, gains or losses on derecognition as well as recoveries of amounts previously written off.

There were no net gains / (losses) on financial assets or liabilities in either 2017 or 2016.

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 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 £33k in 2017.

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, 2017, 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.

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

	2018	2019	2020 to 2022	2023 and thereafter
Non derivative financial liabilities	530	-	-	-
Trade payables	530	-	-	-

Cash outflows for financial liabilities without fixed amount or timing, including interest, are based on the conditions existing at September 30, 2017.

The Company has £530k (2016: £686k) 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*.

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For the years ended September 30, 2017 and 2016 (in thousands of £)

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

	2017	September 30, 2016
Receivables from group companies	3,345	3,880
Total liquidity	3,345	3,880
Long term debt	65,000	65,000
Total debt	65,000	65,000
Net debt	(61,655)	(61,120)

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 (2016: £nil), amounts due to Siemens group companies of £530k (2016: £686k) are held outside this facility. Historically other Siemens group companies have not demanded repayment of these intercompany balances.

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:

	Corporate governance costs		Interest income		Interest expense	
	Year ended 2017	Year ended 2016	Year ended 2017	Year ended 2016	Year ended 2017	Year ended 2016
Other group companies	-	-	2	9	687	821

Recharges of corporate costs to related parties were made with no margin added.

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

Year end balances arising from sales / purchases of goods and services amounted to £nil (2016: £nil).

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

	Amounts owed by related parties		Amounts owed to related parties	
	2017	2016	2017	2016
Other Siemens group companies	3,345	3,880	65,530	65,686

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, 2017	2016
Short-term employee benefits	640	1,039
Post-employment benefits	29	-
Termination benefits	-	3

VA TECH (UK) LIMITED

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16. Directors' transactions

No such transactions occurred in 2017 or 2016 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

There were no 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 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.