

Company Registration No. 05894128

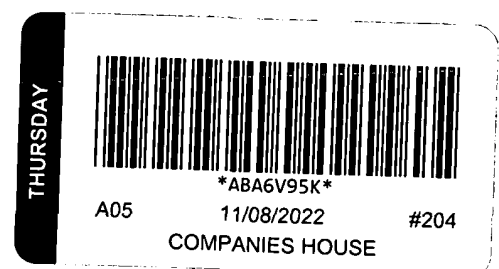
Registered in England and Wales

ALSTOM PRODUCT AND SERVICES LIMITED

Annual Report and Financial Statements

For the Year Ended

31 March 2022



ALSTOM PRODUCT AND SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

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ALSTOM PRODUCT AND SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Baldock (resigned 6 May 2022)
N P Crossfield (resigned 6 May 2022)
O Guillot (appointed 27 April 2021, resigned 29 July 2021)
C D Holyhead (appointed 6 May 2022)
A Jameson (appointed 6 May 2022)
D A Johnston (resigned 6 May 2022)
S J R MacLeod (resigned 28 April 2021, appointed 29 July 2021, resigned 6 May 2022)
C Parker (appointed 6 May 2022)

SECRETARY

M J C Heath

REGISTERED OFFICE

8th Floor
The Place
175 High Holborn
London
WC1V 7AA

AUDITORS

Mazars LLP
One St Peter's Square
Manchester
M2 3DE

ALSTOM PRODUCT AND SERVICES LIMITED

DIRECTORS' REPORT

Year ended 31 March 2022

The Directors present their report and the financial statements for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The Company is a wholly owned subsidiary of ALSTOM and operates as part of the Group's United Kingdom operations. The principal activity of the Company during the year ended 31 March 2022 was the supply of signalling products, equipment and services including train protection systems, train detection systems and interlocking systems.

Activity commenced from 1 July 2020 before which the Company was dormant.

FUTURE DEVELOPMENTS

There are no planned major changes to the Company's activities in the next year.

TRADING RESULTS

The Company's trading results are set out on page 9. The Company paid dividends of £3,324,000 during the year (2021: £nil).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

Credit risk is managed by, where possible, agreeing payment terms that include advance and progress payments. Appropriate credit control procedures are followed at all operations where credit risk is perceived. Where credit risk is considered to be high, contracts must provide for payments to be secured by irrevocable letter of credit, payment before despatch or credit insurance.

The Company's transactions are predominantly in Sterling but some transactions (sales and purchases) are in other currencies and the Company is therefore exposed to movement in foreign exchange rates. The Group's treasury function takes out currency contracts on behalf of ALSTOM operating companies to manage these risks.

The Company is effectively financed by either loans or equity from ALSTOM and has no third party debt. It therefore has minimal interest rate exposure.

DIRECTORS

The Directors who held office during the year and subsequently are noted on page 1.

During the year the Company has maintained the grant of an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

ALSTOM PRODUCT AND SERVICES LIMITED

DIRECTORS' REPORT

Year ended 31 March 2022

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Directors have reviewed cash flow forecasts for a period of at least twelve months from the date of approval of the financial statements.

At the balance sheet date, the Company had net current assets of £5.4m, with positive cash balances of £2.4m.

The Company is forecast to generate significant profits again in FY22/23, and combined with the working capital cycle of the business, it is expected that the Company will be cash generative over this period. Much of the revenue and cash generated by the Company is from fellow Group undertakings, which means that the timing of cash receipts is highly predictable. In addition, a large proportion of the Company's liabilities are also due to fellow Group undertakings, and therefore the timing of the payment of such liabilities is fully within the control of the ALSTOM group.

On the basis of their assessment, the Directors consider that the Company has adequate funds to meet its liabilities for a period of at least twelve months from the date of approval of the financial statements.

AUDITORS

The Directors believe that they have taken reasonable steps in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. Further, they believe that they have taken appropriate steps to ensure that there is no relevant audit information of which the Company's auditors are unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption provided by section 414B (b) of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board



C D Holyhead
Director

4 August 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' 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 year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 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 of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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. 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.

ALSTOM PRODUCT AND SERVICES LIMITED

Independent auditor's report to the members of ALSTOM Product and Services Limited

Opinion

We have audited the financial statements of ALSTOM Product and Services Limited (the 'company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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's 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.

ALSTOM PRODUCT AND SERVICES LIMITED

Independent auditor's report to the members of ALSTOM Product and Services Limited (continued)

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.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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.
- The Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report

ALSTOM PRODUCT AND SERVICES LIMITED

Independent auditor's report to the members of ALSTOM Product and Services Limited (continued)

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 statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation and the bribery act.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

ALSTOM PRODUCT AND SERVICES LIMITED

Independent auditor's report to the members of ALSTOM Product and Services Limited (continued)

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to the management override of controls to manipulate financial performance; and the timing of revenue recognition which is subject to management judgement and estimation.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

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

Tim Hudson

Tim Hudson (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St Peter's Square, Manchester, M2 3DE

4 August 2022

ALSTOM PRODUCT AND SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME Year ended 31 March 2022

	Note	2022 £000	2021 £000
TURNOVER	2	24,586	9,863
Cost of Sales		(17,863)	(5,759)
		<u>6,723</u>	<u>4,104</u>
GROSS PROFIT		6,723	4,104
Administration expenses		(2,219)	-
		<u>4,504</u>	<u>4,104</u>
INCOME FROM OPERATIONS	3	4,504	4,104
Interest receivable		3	-
		<u>4,507</u>	<u>4,104</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		4,507	4,104
Income tax	5	780	(780)
		<u>5,287</u>	<u>3,324</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>5,287</u>	<u>3,324</u>

All activities derive from continuing operations.

STATEMENT OF CHANGES IN EQUITY 31 March 2022

	Issued share capital (note 10) £000	Retained earnings £000	Total Equity £000
At 31 March 2020 (unaudited)	-	-	-
Total comprehensive income for the year	-	3,324	3,324
	<u>-</u>	<u>3,324</u>	<u>3,324</u>
At 31 March 2021	-	3,324	3,324
Total comprehensive income for the year	-	5,287	5,287
Dividends paid	-	(3,324)	(3,324)
	<u>-</u>	<u>5,287</u>	<u>5,287</u>
At 31 March 2022	-	5,287	5,287

ALSTOM PRODUCT AND SERVICES LIMITED
Company registration number: 05894128

STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

	Note	2022 £000	2021 £000
CURRENT ASSETS			
Inventories	6	4,170	3,816
Cash and cash equivalents		2,424	1,752
Trade and other receivables	7	13,386	5,002
Other operating assets	8	175	50
Total current assets		20,155	10,620
CREDITORS: Amounts falling due within one year			
Trade payables		1,561	2,340
Other payables	9	13,154	4,956
Total current liabilities		14,715	7,296
NET CURRENT ASSETS		5,440	3,324
TOTAL ASSETS LESS CURRENT LIABILITIES		5,440	3,324
Provisions for liabilities	13	(153)	-
		5,287	3,324
CAPITAL AND RESERVES			
Issued capital	10	-	-
Retained earnings		5,287	3,324
TOTAL EQUITY		5,287	3,324

These financial statements were approved by the Board of Directors and issued to the shareholders on the date shown below.

Signed on behalf of the Board of Directors



C D Holyhead
Director

4 August 2022

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 March 2022****1. ACCOUNTING POLICIES****Authorisation of Financial Statements and Statement of Compliance with FRS 101**

The financial statements for the year ended 31 March 2022 were authorised for issue by the Board of Directors as indicated on page 10. ALSTOM Product and Services Limited is a private Company limited by shares and incorporated in the United Kingdom under the Companies Act and registered in England & Wales. The principal activities of the Company are set out in the Directors' Report.

The Company's financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

The financial statements have been prepared on an historical cost basis. They are presented in Sterling and all values are rounded to the nearest thousand (£000), except when otherwise stated. The prior year financial statements were not audited as the Company was dormant in that period.

Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2022. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS7 *Financial Instruments: Disclosures*;
- (b) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*;
- (c) the requirement in paragraph 38 of IAS1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 73(e) of IAS16 *Property, Plant and Equipment*;
- (d) the requirements of IAS7 *Statement of Cash Flows*;
- (e) the requirements of paragraphs 30 and 31 of IAS8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- (f) the requirements in IAS24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that the subsidiary which is a party to the transaction is wholly owned by such a member;
- (g) the requirements of paragraph 17 of IAS24 *Related Party Disclosures*, and
- (h) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS15 *Revenue from Contracts with Customers*

Going concern

The financial statements have been prepared on a going concern basis. The Directors have reviewed cash flow forecasts for a period of at least twelve months from the date of approval of the financial statements. At the balance sheet date, the Company had net current assets of £5.4m, with positive cash balances of £2.4m.

The Company is forecast to generate significant profits again in FY22/23, and combined with the working capital cycle of the business, it is expected that the Company will be cash generative over this period. Much of the revenue and cash generated by the Company is from fellow Group undertakings, which means that the timing of cash receipts is highly predictable. In addition, a large proportion of the Company's liabilities are also due to fellow Group undertakings, and therefore the timing of the payment of such liabilities is fully within the control of the ALSTOM group.

On the basis of their assessment, the Directors consider that the Company has adequate funds to meet its liabilities for a period of at least twelve months from the date of approval of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 March 2022****1. ACCOUNTING POLICIES (continued)****New standards and interpretations mandatorily applicable for financial periods beginning on 1 April 2021**

The Company's financial statements are not affected by the issue of new, revised or amended standards and interpretations becoming effective in the European Union starting from 1 April 2021. The Company has not opted for early application at 31 March 2022 of IFRS requirements already published by the IASB which will become mandatory in future periods, but the Directors do not expect these changes to have a significant impact upon the financial statements.

Revenue recognition

Revenue on the sale of manufactured products and service contracts which are of less than one year in duration is recognised when the significant risks and rewards of ownership are transferred to the customer, which generally occurs on delivery and performance of service activities.

The amount of revenue arising from a transaction is usually determined by the contractual agreement with the customer.

All contracts are reviewed to establish whether they contain a significant financing component. In the rare instance that this was applicable, this would be accounted for in accordance with IFRS15.

Penalties are taken into account in reduction of contract revenue as soon as they are probable. Turnover is shown net of VAT.

Warranty costs are estimated on the basis of contractual agreement, available statistical data and weighting of all possible outcomes against their associated probabilities. Warranty periods may extend up to five years.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Temporary differences arising between the carrying amount and the tax base of assets and liabilities, unused tax losses and unused tax credits are identified. Corresponding deferred taxes are calculated at the enacted or substantively enacted tax rates that are expected to apply in the period when the asset is realised or the liability settled.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available in the future against which the deductible differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets and liabilities are offset when both of the following conditions are met:

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

Deferred tax is charged or credited to the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 March 2022****1. ACCOUNTING POLICIES (continued)****Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost represents materials, direct labour and appropriate production overheads, calculated on a weighted average cost basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Receivables

Receivables are initially recognised at fair value, which in most cases approximates to the nominal value. They are subsequently re-measured at amortised cost using the effective interest rate method. They are reviewed for impairment by applying the expected credit loss model, in accordance with IFRS9. Any difference between the carrying value and the impaired value (net realisable value) is recorded within income from operations. The impairment loss can be reversed if the value is recovered in the future. In that case, the reversal of the impairment loss is reported within income from operations.

Payables

Payables are initially recognised at fair value, which in most cases approximates the nominal value. They are subsequently measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

The Company deposits its cash and cash equivalents with the ALSTOM Group's treasury function on overnight deposit. The amounts deposited are pursuant to intercompany loan arrangements. While the Group has the power to control decisions of subsidiaries of which it is the majority owner, its subsidiaries are distinct legal entities and their payment of dividends and granting of loans, advances and other payments to the Group may be subject to legal or contractual restrictions, be contingent upon their earnings or be subject to business or other constraints. As such, the Directors consider that the amounts deposited under such intercompany loan arrangements should be included within 'cash and cash equivalents'.

Foreign currency transactions

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency of the reporting unit and the foreign currency at the date of the transaction. Cash, assets to be received and liabilities to be paid resulting from those transactions are re-measured at closing exchange rates at the end of each reporting period. Realised exchange gains or losses at the date of payment as well as unrealised gains or losses deriving from re-measurement are recorded within income from operations when they relate to operating activities or within financial income or expense when they relate to financing activities.

Since the Company is exposed to foreign currency volatility, the Group's treasury function puts in place hedges to cover the exposures in its operating subsidiaries. These derivatives are recognised on the Statement of Financial Position at their fair value at the closing date. Providing that the relationships between the foreign currency exposure and the related derivatives are qualifying relationships, the Company uses the specific accounting treatments designated as hedge accounting. A relationship qualifies for hedge accounting if, at the inception of

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

1. ACCOUNTING POLICIES (continued)

Foreign currency transactions (continued)

the hedge, it is formally designated and documented and if it proves to be highly effective throughout the financial reporting periods for which the hedge was designated.

Fair value hedge accounting

The Company applies fair value hedge accounting whereby changes in the fair value of derivatives and changes in the fair value of hedged items are both recognised in the income statement and offset each other up to the gain or loss on the effective portion on the hedging instrument.

The ineffective portion on the hedging instrument is recognised in the income statement. Realised and unrealised exchange gains and losses on hedged items and hedging instruments are recorded within income from operations when they relate to operating activities or within financial income or expense when they relate to financing activities.

As the effective portion on the hedging instrument offsets the difference between the spot rate at inception of the hedge and the effective spot rate at the outcome of the hedge, sales and costs resulting from commercial contracts are recognised at the spot rate at inception of the hedge throughout the life of the related commercial contracts, provided that the corresponding hedging relationships keep on qualifying for hedge accounting.

With regard to the implementation of IFRS9, when the Company designates only foreign exchange spot changes as hedged item, the cost of hedging approach will be retained, allowing the Company to recognise the change in fair value of forward points in Other Comprehensive Income (rather than the Income Statement under IAS39).

Provisions

Obligations are recognised as distinct liabilities when they satisfy the following criteria:

- the Company has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of economic resources will be required to settle the obligation; and
- such outflow can be reliably estimated.

These liabilities are presented as provisions when they are of uncertain timing or amount. When this uncertainty is dispelled, they are presented as trade payables or other current liabilities.

Where the effect of the time value of money is material, provisions are measured at their present value.

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 March 2022****2. TURNOVER**

The geographical analysis of turnover by destination is as follows:

	2022	2021
	£000	£000
United Kingdom	24,283	9,821
Rest of the World	303	42
	24,586	9,863

Turnover is analysed as follows:

	2022	2021
	£000	£000
Manufactured products & service contracts less than 1-year duration	24,586	9,863

3. INCOME FROM OPERATIONS**Auditor's remuneration**

The auditor's remuneration for 2022 and 2021 was borne by a fellow Group undertaking.

There were no non-audit services received in the current and prior year.

4. STAFF COSTS AND DIRECTORS' REMUNERATION

The average number of employees during the year was 43.

Employee costs:

	2022	2021
	£000	£000
Wages and salaries	2,361	-
Social security costs	256	-
Pension costs – defined contribution schemes	188	-
	2,805	-

Certain of the Directors receive all or part of their emoluments from fellow group undertakings, and it is not possible to determine the proportion of their emoluments which relate to services provided to this Company.

ALSTOM PRODUCT AND SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2022

5. INCOME TAX EXPENSE

	2022 £000	2021 £000
Current taxation:		
Group relief payable	-	(780)
Adjustments in respect of prior year	780	-
	780	(780)
Deferred taxation:		
Deferred tax charge for the year	-	-
Income tax credit/(charge) reported in the Statement of Comprehensive Income	780	(780)

The standard rate of tax for the year, based on the UK standard rate of Corporation Tax is 19% (2021: 19%). The actual tax charge for the current year and prior year is different for the reasons set out in the following reconciliation:

	2022 £000	2021 £000
Profit on ordinary activities before tax	4,507	4,104
Tax charge on pre-tax profit at standard rate	(856)	(780)
Factors affecting the charge for the year:		
Group relief claimed free of charge	856	-
Adjustments in respect of prior year	780	-
Income tax credit/(charge) reported in the Statement of Comprehensive Income	780	(780)

ALSTOM PRODUCT AND SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

6. INVENTORIES

	2022 £000	2021 £000
Raw materials and components	1,901	2,338
Work in progress	967	327
Finished goods	1,302	1,151
	4,170	3,816

The amounts shown above are net of provisions for slow moving and obsolete inventories.

7. TRADE AND OTHER RECEIVABLES

	2022 £000	2021 £000
Trade receivables	4,294	1,997
Amounts owed by Group undertakings	9,092	3,005
	13,386	5,002

External trade receivables are non-interest bearing and generally on 30 to 90 day terms. Receivables from related parties are repayable either on demand or on 30 day terms and are not considered to carry any significant risk of impairment as at the year end date.

Impairment losses are determined considering the risk of non-recovery assessed on a case by case basis by applying the expected credit loss model, in accordance with IFRS9.

Due to the type of business operated by the Company, past due receivables are frequently representative of outstanding amounts confirmed by customers but whose payment is subject to clearance of items raised during inspection of works.

8. OTHER OPERATING ASSETS

	2022 £000	2021 £000
Forward currency contract assets	175	50
	175	50

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 March 2022****9. OTHER PAYABLES**

	2022	2021
	£000	£000
Owed to related parties	8,437	2,167
Corporation tax	-	780
Other taxes and social security	1,026	430
Other creditors, accruals and deferred income	3,610	1,539
Forward currency contract liabilities	81	40
	13,154	4,956

10. SHARE CAPITAL

	2022	2021
	£	£
Issued, allotted and fully paid		
1 Ordinary share of £1 each	1	1

The share has attached to it the right to vote and to participate in a distribution, including upon windup.

11. COMMITMENTS AND CONTINGENCIES**Product liability**

The Company designs, manufactures and sells several products of large individual value that are used in major infrastructure projects. In this environment, product-related defects have the potential to create liabilities that could be material. If potential product defects become known, a technical assessment occurs whereby products of the affected type are quantified and studied. If the results of the study indicate that a product liability exists, provisions are recorded. The Company believes that it has made adequate provisions to cover currently known product-related liabilities, and regularly revises its estimates using currently available information. Neither the Company nor any of its businesses are aware of product-related liabilities which would exceed the amounts already recognised and the Company believes it has provided sufficient amounts to satisfy its litigation, environmental and product liability obligations to the extent they can be estimated.

Details of the amounts recorded as provisions in respect of product liability are shown in note 13.

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 March 2022****12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

Forward currency contracts are used to eliminate the currency exposure on any individual sale or purchase transaction in excess of €100,000. Forward currency contracts must be denominated in the same currency as the hedged item. It is the Group's policy to negotiate the terms of hedge derivatives to match the terms of hedged items to maximise hedge effectiveness.

At the balance sheet date, the Company was committed to the following principal forward currency contracts. Sterling equivalent figures are based on the spot exchange rate at the balance sheet date:

	2022	2021
	Sterling	Sterling
	equivalent	equivalent
	£000	£000
Purchase foreign currencies forward	<u>7,168</u>	<u>3,056</u>

Derivative financial instruments are expected to settle at various future dates to match the settlement of hedged firm commitments. There are no significant terms and conditions which may affect the amount, timing and certainty of future cash flows.

13. PROVISIONS FOR LIABILITIES

Warranty provisions at the year end amounted to £153,000 (2021: £nil), representing additions made during the year. The provision is established to recognise known and expected claims against delivered products or services within the contractual guarantee periods for such sales. The expenditure is expected to be mainly incurred over the next 12 to 30 months, in line with the contractual warranty periods.

14. EVENTS SINCE THE BALANCE SHEET DATE

There has been no significant events occurring since the balance sheet date that need to be disclosed.

15. PARENT UNDERTAKINGS

The Company's immediate parent undertaking is ALSTOM Transport UK (Holdings) Limited, a company incorporated in England & Wales.

The Company's ultimate parent undertaking and ultimate controlling party is ALSTOM, a company incorporated in France. The only Group in which the results of the Company are consolidated is that headed by ALSTOM. A copy of the ALSTOM financial statements can be obtained from 48, rue Albert Dhalenne, 93842 Saint-Ouen, France or via the ALSTOM website at www.alstom.com.