Hitachi Energy UK Limited

(Formerly ABB Power Grids UK Limited)

Reports and Financial Statements
31 March 2022

Registered number: 02985756

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Registered No. 02985756

Company Information

Directors
IG Funnell
AJ Myatt
MJ Hasnip (appointed 14 May 2021)

Secretary
C Roberts

Auditors
Ernst & Young LLP
No.1 Colmore Square
Birmingham
B4 6HQ

Bankers
Deutsche Bank AG, London Branch
Corporate & Investment Bank
Winchester House
1 Great Winchester Street
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EC2N 2DB

Solicitors
Stephenson Harwood LLP
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London
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Registered Office
Oulton Road
Stone
Staffordshire
ST15 0RS
United Kingdom

Registered No. 02985756

Strategic Report

The Directors present their Strategic Report of Hitachi Energy UK Limited (or "the Company") for the year ended 31 March 2022.

Results and dividends
The results for the year are set out on page 15. The loss for the financial year after taxation amounted to £955,000 (2021: £14,689,000).

The Company did not pay a dividend in respect of 2022 (2021: £nil).

Principal activities and review of the business
The principal activity of the Company during this year was the provision of solutions for secure, energy-efficient generation, transmission and distribution of electricity and for increasing productivity in industrial, commercial and utility operations. As well as development, marketing and servicing of Enterprise Software solutions covering asset care and maintenance.

On 1 October 2019 the Company's then parent Company, ABB Limited, transferred the trade, assets and liabilities of its Power Grids business to the Company. The Company issued 18,069,000 shares of £1 to ABB Limited as consideration for this transfer.

The former ultimate Parent Company, ABB Limited, registered in Zurich, entered into an agreement with Hitachi Ltd, listed in Japan, to form a joint venture (19.9% owned by ABB, 80.1% owned by Hitachi) in respect of ABB's Power Grids business and this was finalised on 1 July 2020. As part of this arrangement, Hitachi ABB Power Grids Ltd became the immediate parent of the Company, whereby all the shares of the Company were transferred to Hitachi ABB Power Grids Ltd ("Group"). As part of corporate branding, on 1 October 2021 "Hitachi ABB Power Grids Ltd" was renamed "Hitachi Energy Ltd" with effect from 30 June 2021.

From 1 November 2021, the Company changed its name from "ABB Power Grids UK Limited" to "Hitachi Energy UK Limited".

Since the Company changed its financial accounting period from 31 December to 31 March in the prior period (on 14 December 2020) to be aligned with Group, as a result, the comparative figures in these Financial Statements are for the 15 months period ended to 31 March 2021. Therefore, the amounts presented in these Financial Statements are not entirely comparable.

The Company's key performance indicators during the year / period were:

	12 months ended 31 March 2022 *£'000*	*15 Months ended 31 March 2021* *£'000*	*Change* *%*
Turnover from continuing operations	161,005	221,525	-27%
Operating loss from continuing operations	(2,844)	(14,709)	-81%
Net Assets / Shareholder's funds	2,750	3,705	-26%

The turnover in the 12 months to 31 March 2022 was £161,005,000 which reflected a 27% decrease from the prior reporting periods' 15 months turnover to 31 March 2021 of £221,525,000.

The decrease in turnover was primarily driven by the reduced reporting period from 15 months in 2021 to 12 months in 2022. This was prevalent within all business units which experienced supply chain difficulties and challenges with delivering projects during, and in the few months post the COVID-19 pandemic. Measures were put in place to ensure long term improvements in project profitability and a more general focus on efficiency within operations.

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Strategic Report (continued)

Principal activities and review of the business (continued)
In addition, some large projects expected in the FY 2021/2022, but have been delayed and will fall in the FY 2022/2023. The pipeline is very strong after a significant amount of early engagement with customers on future opportunities.

The operating loss of £14,709,000 in the 15 months to 31 March 2021 was driven by major losses in several large projects following the acquisition of the Power Grids business from ABB. This loss has been significantly reduced in the 12 months to 31 March 2022 to just an operating loss of £2,844,000. The previous period loss was from major projects that have not been repeated during the current year. The Directors are confident that the future projects will generate a profitable result. During the current year, there has been a focus on project profitability recovery, gross margin improvement and cost control such as reducing the reliance on contractors. There has also been a heightened focus on business improvements post the carve-out from ABB, such as tighter project management, improved operational efficiencies and a focus on cost control, especially given the current inflationary pressures on the business.

The Company and Group are confident that the emerging opportunities and healthy order book will return the business to profitability over the next twelve months. In addition, the performance is expected to materially improve in future years and the build-up in retained losses will be offset by these expected future profits.

This improvement is alongside the establishment of a new go-to market approach and the creation of a front-end sales organization to support the expected market opportunities in the grids and renewables business segments. The Directors expect to see the benefits of this in future years. The Directors also plan to maintain the current management policies of the Company and forecast growth in sales reflecting the impact of the transfer of the trade and assets of the Hitachi Energy business.

Risks and Uncertainties
The principal risks and uncertainties facing the Company in the UK are in the areas of market competition, operational delivery, safety and finance and include potential impacts of COVID-19.

Competitive pressures in the UK market are a continuing risk for the Company. The Company manages this risk by providing value to its customers and by maintaining strong relationships with them. Risk reviews are operated by management at the Company and within the Group to address all commercial and operational delivery and financial aspects of both prospects in pursuit and projects in execution. The Directors also specifically monitor and review all aspects of health and safety on a monthly basis. Training of all staff is undertaken to reduce the risk of failure to comply with best practice or legislative standards which could have a material impact on the Company's licence to operate.

Financial risks are addressed as part of a stringent process of budgeting and forecasting. A rolling forecast of cash flows is maintained and regularly monitored.

Impact of COVID-19
In March 2020, the World Health Organisation (WHO) announced the COVID-19 outbreak a global pandemic. Hitachi Energy has been consistently monitoring this situation and, in line with governmental measures taken to contain the spread of the virus, the Company has made appropriate work arrangements and implemented precautionary travel restrictions. This includes all employees avoiding any non-business critical travel. The Company has also been following the applicable national health services regulations and WHO guidance during the year.

The Company has taken various internal preventive and protective measures in accordance with Hitachi Energy's crisis management and business contingency plans. The health and safety of our employees, customers and partners remain our number one priority and we are working hard to assess and mitigate any risks. Many teams have been set up to manage the situation by site, business and function.

Weekly update communication has been sent to all staff and all hands webinars are held on a monthly basis.

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Strategic Report (continued)

Impact of COVID-19 (continued)
Customer facing teams have maintained contact with customers to ensure that they receive the service that they require, and procurement teams are liaising with suppliers to ensure that supply chain visibility is maintained.

The spread of COVID-19 has resulted in an economic downturn in jurisdictions in which the Company operates and the global economy more widely. If the pandemic is prolonged, or further variants/diseases emerge that give rise to similar effects, the adverse impact on the global economy could be deepened and result in further declines in the markets.

The Company's Balance Sheet exposure has been reviewed and the Company is in a Net Assets position at year end. Since the onset of the pandemic the Company has remained operational, with key activities such as construction and distribution of products being maintained, and servicing provided to our customers who are operating in the key sectors during this period (utilities, food manufacturing, energy). The Company has also implemented strict cost management measures and utilised the Government's COVID-19 support schemes including the VAT deferral scheme and the Job Retention Scheme where appropriate. Notwithstanding these measures and the Company's Balance Sheet, the Company has experienced some negative impacts on its results year to date and any deterioration in the situation could have further adverse implications arising from any future impacts on the global economy.

Current situation in Ukraine
The sanctions or changes due to the situation in Russia, Belarus and Ukraine do not have a significant impact on the Company's business directly. The overall impact of this situation on the wider economy, including inflation and sourcing of key materials is being monitored closely by the Directors who continue to adopt strategies to minimise the resultant impact on the Company.

In considering the ability of the Group to provide the support to the Company for Going concern purposes, the Directors have also confirmed that the Group have also evaluated this situation and there is no significant impact on the Group's ability to support the Company for Going concern purposes.

Brexit
The formal process governing the UK's departure from the EU commonly referred to as 'Brexit' began on the 29 March 2017. The UK withdrew from the EU on 31 January 2020 and the implementation period ended on the 31 December 2020.

The overall effects of the withdrawal are in our view minimal, but the Directors continue to monitor the potential effects on customers, suppliers, trade and the wider economy and will act, should the potential impact on turnover and additional costs becomes significant. Currently, the Directors have not noticed any significant impact on the supply chain activities and continue to be able to service our customers.

Potentially additional costs could be driven by the impact on trade with markets in Sweden and other EU countries where the Company does significant trade on both imports and exports. However, to date, this has not been the case.

Going Concern
The Financial Statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have obtained confirmation that, if required, additional funding will be provided from the Company's immediate parent Company, Hitachi Energy Ltd, to meet its liabilities as they fall due for a period of at least 12 months from the date of these Financial Statements. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these Financial Statements, they have no reason to believe that it will not do so.

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Strategic Report (continued)

Going concern (continued)
Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the Financial Statements and therefore have prepared the Financial Statements on a going concern basis.

Section 172 Statement
This section of our report describes how the Directors have had regard to the matters set out in section 172 of the Companies Act 2006. Section 172 requires Directors to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its stakeholder as a whole. The Directors receive guidance on their duties from the Company Secretary, including in relation to Section 172, and have been briefed on these reporting requirements. The Board will continue to provide increased focus on stakeholder interests in the current Financial Year and beyond.

Through open and transparent dialogue with stakeholders, the Company has developed a clear understanding of their needs and understands their importance to both the Company's short and long-term strategies. Matters that are considered of strategic importance to the Company are subject to review and challenge by the Board.

Stakeholder engagement has been developed to reflect the core activities of the Company namely:
- Providing business support services to other Hitachi Energy Group businesses in Europe
- Supplying business products and services to external customers

The Company therefore considers its key stakeholder groups to be:
- Employees
- Customers, Suppliers and Partners
- Community, Society and Environment
- Shareholders

Employees
Our employees are key to our business. We recognise that part of being a successful business involves effective engagement with our employees, understanding and listening to the issues that affect them.

There have been significant challenges for the Company and our employees over the past 12 months in light of the restrictions in place and recommendations during the COVID-19 pandemic. As a Company, support for all of our employees, whether it has been those working from home or those undertaking site visits, has been paramount.

We have continued to invest heavily in the current year ensuring all employees had access to necessary PPE, sanitisers and lateral flow tests. During the year we also engaged a third-party organization to conduct COVID-19 testing at all Company locations and customer sites.

We invested in a very well received employee wellness programme as well as in programmes for diversity, inclusion and leadership.

Annually, we undertake an employee survey. The survey provides a point in time view of and, over time, allows tracking of employee satisfaction. Questions related to employee satisfaction include training, work life balance, support and facilities. The Employee Survey results were reviewed by the Directors, and it was agreed that areas of importance to employees will be reviewed at future Board meetings.

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Strategic Report (continued)

Customers, suppliers and Partners
The COVID-19 pandemic has caused significant challenges for all business, and we have adapted to those challenges.

We are striving to meet the needs of our customers and stay closely engaged. Whenever possible, we are using virtual technology and online tools and methods to ensure we stay in touch, and support our customers without the need for travel or in-person meetings. For site activities, we are using specific service guidelines to ensure the highest standards. We are adapting and adopting our operations to the current situation. We are committed to constantly learning from this situation so that we exit the crisis reinforced.

We are keeping a constant eye on COVID-19 developments around the globe and following relevant national health regulations and WHO guidance to contain the spread. We are defining actions that need to be taken when travelling and during site visits.

The health and safety of our customers, partners and employees remains our top priority, and we are working hard to make sure we minimize risks related to the spread of COVID-19. Our primary goal is to keep our people safe and secure smooth operations across all businesses.

Community, Society and Environment
Together with customers, partners and other key stakeholders, we accelerate the energy transition through innovative technologies towards a carbon-neutral future.

By 2050, electricity will be the backbone of our entire energy system and we are committed to co-creating a sustainable energy future for our generation and those to come.

Through Sustainability 2030, we aim to achieve carbon-neutrality in our own operations by 2030. In addition, we target to reduce our emissions along the value chain by 50% with customers, partners, and suppliers, supporting Sustainable Development Goals (SDG) 7 'Affordable and Clean Energy' and aligned with the Paris agreement to limit global warming to 1.5 degrees.

Our ambition reaches beyond carbon-neutrality. We are working to reduce waste – along with our consumption of precious resources, including materials and freshwater. We will support 'Clean Water and Sanitation' (SDG 6) and 'Responsible Consumption and Production' (SDG 12) through circularity.

In 2021, we launched EconiQ – our eco-efficient portfolio. EconiQ is the Group's eco-efficient portfolio for sustainability where products, services and solutions are proven to deliver exceptional environmental performance. Our EconiQ portfolio is sustainability-oriented in design to deliver a superior environmental performance compared to conventional solutions.

Shareholders
Shareholders have an interest in the performance of the business, as well as good governance.

Formal monthly performance reviews take place, with formal reports submitted to Group. This incorporates reviewing financial performance, safety, customers, people and supply chain topics.

The Board uses these review meetings to reflect upon past and future developments and requirements from Group.

Approved by order of the Board

C Roberts

C Roberts
Company Secretary
16 June 2022

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Directors' Report

The Directors submit their Report and the audited Financial Statements for the Company for the year ended 31 March 2022.

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

IG Funnell
AJ Myatt
MJ Hasnip   *Appointed 14 May 2021*

Directors' Qualifying Third Party Indemnity Provisions
The Company has granted 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.

Political and Charitable Donations
The Company made no political or charitable donations or incurred any political or charitable expenditure during the year (2021: £nil).

Disabled employees
The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Streamlined Energy and Carbon Reporting (SECR)
Our Greenhouse Gasses (GHG) emissions are reported in tonnes of carbon dioxide equivalent (tCO2e), for the year ended 31 March 2022.

Our approach to reporting is based on the GHG Protocol Corporate Accounting and Reporting Standard. In line with the guidance on SECR we have included the energy and emissions for the buildings we own and operate (those within our financial control boundary) and those where we lease facilities and are responsible for the energy consumption (but which are outside our financial control).

We have used the latest emissions factors from the Department for Environment, Food and Rural Affairs (DEFRA), and our gross emissions tool in the table applies the 'location based' accounting methodology for grid emissions.

We have chosen the intensity measure gross scope 1 and 2 emissions in tCO2e per square meter as our activity is predominately office based.

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Directors' Report (continued)

Streamlined Energy and Carbon Reporting (SECR) (continued)

Company's Consumption and Associated Greenhouse Gas Emissions		
Consumption	2021/22	2020/21
Total Energy Consumption (Electricity) (kWh)	806,868	1,007,903
Total Energy Consumption (Gas) (kWh)	-	16,043
Total Vehicle Fuel Consumption (kWh)*[1]	14.090	10.870
Emissions	2021/22	2020/21
Emissions from Combustion of Fuel - Gas (Scope 1) (tCO2e)	-	2.950
Emissions from Business Travel - Company Owned (Scope 1) (tCO2e)	38.492	39.275
Emission from Electricity Purchased for Own Use - Company Owned (Scope 2) (tCO2e)	171.322	234.983
Emissions from Business Travel - Rental or Employee Owned (Scope 3) (tCO2e)	273.245	73.324
Total Annual Gross Emissions	483.059	350.532
Total Annual Net Emissions	483.059	350.532
Annual GHG Intensity Measure (tCO2/unit)	2021/22	2020/21
GHG Emissions tCO2e/sqm	0.031	0.017

*[1] – assumption made that hybrid vehicles are petrol fuel for conversion to kWh

Sustainability is integral to our business. We are committed to all the UN SDGs and to make significant contribution to eight SDGs. '**Sustainability 2030**' is our new strategic plan for sustainability where we summarise the main commitments to act and drive business in a sustainable way, based around four pillars: **Planet, People, Peace and Partnership**, our strategy draws from the UN's SDGs, where each pillar has corresponding targets that drive our business to contribute social value, environmental value and economic value.

Planet (SDG 6,7,12) – By 2030, we will achieve carbon-neutrality in our own operations. We're working towards reducing carbon emissions by 50% along the value chain and reducing waste – along with our use of precious resources, like water.

People (SDG 3,4,5) – Sustainability is about people. We're nurturing an inclusive culture and enabling all our people to thrive and give their best. We're fostering life-long learning and believe that diversity plus collaboration equals great innovation. We call this Diversity 360.

Peace (SDG 16) – We promote peaceful, inclusive and sustainable societies. Everything we do is based on Safety, Integrity and Quality – our license to operate.

Partnership (SDG 17) – Together with customers and partners, we are co-creating innovative technologies. And building a flexible, resilient, reliable and sustainable energy system. We are accelerating the energy transition.

For the reporting period the following energy efficiency improvement measures have been identified and implemented including:

- Launch of Sustainability 2030 strategic plan for transitioning to carbon neutrality

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Directors' Report (continued)

Streamlined Energy and Carbon Reporting (SECR) (continued)

- Continuation of employee awareness training programme, targeting aspects of environment and sustainability management, including Sustainability Targets and SDGs
- Sustaining changed working practices to reduce on-site visits to virtual conference, audits and Factory Acceptance Tests with the use of Augmented Reality headsets
- Purchasing of Energy Attribute Certificates during the year, with the intention of procuring green tariff electricity going forward
- Making fully electric vehicles more affordable to employees, through Arval Ignition salary sacrifice scheme

After re-establishing baseline, advances have been made in energy consumption (with savings of 217,078 kWh or 63.661 tCO2e) on site. Overall GHG emissions has increased year on year (0.014 tCO2e/sqm), due to an increase in carbon associated with business travel. This is partially accounted for by an expansion of reporting scope, but predominately due to increase in travel permitted after reduction of COVID-19 travel restrictions during the year. To ensure the travel savings made in 2020/21 are capitalised on, we are committed to transitioning to lower carbon travel alternatives, including encouraging uptake of electric vehicles, through the Arval Ignition Scheme and creating greater dependency on public transport – with 201,904 kilometres in the period being undertaken already. The largest areas of focus remain electricity purchased and business travel, which shall continue to be addressed through the afore mentioned improvement strategies.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 3.

Engagement with suppliers, customers and others is set out in the Strategic Report above on pages 3 to 7.

Auditor

Ernst & Young LLP will be seeking re-appointment as auditors at the forthcoming Annual General Meeting A resolution to appoint the Company's auditor will be put to the forthcoming Annual General Meeting.

Disclosure of Information to the Auditor

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 auditor, each Director has taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by order of the Board.

C Roberts

C Roberts
Company Secretary
16 June 2022

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Statement of Directors' responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable United Kingdom laws 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 ("FRS 101"). 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 judgements and accounting estimates that are reasonable and prudent;
- 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 FRS 101 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;
- in respect of the Company's Financial Statements, state whether applicable UK Accounting Standards, including FRS 101, 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 appropriate to presume that the Company will not 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 Company's 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and Directors' Report that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Independent auditors' report

to the members of Hitachi Energy UK Limited for the year ended 31 March 2022

Opinion

We have audited the Financial Statements of Hitachi Energy UK Limited for the year ended 31 March 2022 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and the related Notes 1 to 22, 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 Company's affairs as at 31 March 2022 and of its loss 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 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the Strategic Report and the Directors' Report, other than the Financial Statements and our auditors' report thereon. The Directors are responsible for the other information contained within the Strategic Report and the Directors' Report.

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.

Our responsibility is to read the other information and, in doing so, to 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report (continued)

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Directors' responsibilities statement set out on page 11, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its domestic and overseas operations, including health and safety, employees, data protection and anti-bribery and corruption.

Independent auditors' report (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk. We incorporate data analytics into our testing of manual journals and revenue recognition. We tested specific transactions back to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions. For revenue recognised over time we inspected contracts with customers, considered management's estimates of costs to complete each contract and checked that revenue had been correctly calculated based on percentage of completion method.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria.

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.

Use of our report

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

Ernst & Young LLP

Nigel Meredith (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Birmingham, United Kingdom

Date: 16 June 2022

Profit and Loss Account for the year ended 31 March 2022

	Notes	*12 Months ended 31 March 2022 £'000*	*15 Months ended 31 March 2021 £'000*
TURNOVER	3	161,005	221,525
Cost of sales		(134,996)	(196,291)
GROSS PROFIT		26,009	25,234
Net operating expenses		(28,853)	(39,943)
OPERATING LOSS	4	(2,844)	(14,709)
Interest receivable	6	-	24
Interest payable and similar charges	7	(35)	(16)
LOSS BEFORE TAXATION		(2,879)	(14,701)
Tax credit	8	1,924	12
LOSS AFTER TAXATION		(955)	(14,689)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(955)	(14,689)

All turnover and loss are from continuing operations.

The Notes on pages 18 to 32 form part of these Financial Statements.

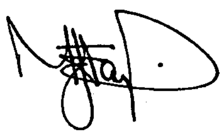
Balance Sheet as at 31 March 2022

	Notes	*31 March 2022 £'000*	*31 March 2021 £'000*
FIXED ASSETS			
Tangible assets	9	4,607	4,992
Intangible assets	11	413	478
		5,020	5,470
CURRENT ASSETS			
Stock	12	330	538
Debtors	13	101,398	91,159
Cash at bank and in hand		1,154	8,606
		102,882	100,303
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	14	(102,225)	(98,817)
NET CURRENT ASSETS		657	1,486
Creditors: amounts falling due after one year	10	(259)	(466)
Provisions for liabilities	16	(2,668)	(2,785)
NET ASSETS		2,750	3,705
CAPITAL AND RESERVES			
Called up share capital	18	37,699	37,699
Capital reserve		4,291	4,291
Merger reserve		(8,509)	(8,509)
Profit and loss Account		(30,731)	(29,776)
SHAREHOLDER'S FUNDS		2,750	3,705

The Notes on pages 18 to 32 form part of these Financial Statements.

The Financial Statements of Hitachi Energy UK Limited, registered number 02985756 were approved on behalf of the board and authorised for issue on the date shown below.

Approved by the Board and signed on its behalf



MJ Hasnip

Director

16 June 2022

Statement of Changes in Equity for the year ended 31 March 2022

	Called up share capital	*Capital reserve*	*Merger reserve*	*Profit and Loss Account*	*Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
At 1 January 2020	18,699	4,291	(8,509)	(15,087)	(606)
Shares issued	19,000	-	-	-	19,000
Loss for the period	-	-	-	(14,689)	(14,689)
At 31 March 2021	37,699	4,291	(8,509)	(29,776)	3,705
Loss for the year	-	-	-	(955)	(955)
At 31 March 2022	37,699	4,291	(8,509)	(30,731)	2,750

On 17 March 2021 the Company issued 19,000,000 shares of £1 each to its parent Company Hitachi Energy Ltd.

The Capital reserve was established on 14 July 2009 when the parent Company at that time made a capital contribution of £4,291,000 to the Company.

The Notes on pages 18 to 32 form part of these Financial Statements.

Notes to the Financial Statements

1. Authorisation of Financial Statements and Statement of Compliance with FRS 101

The Company is a private Company limited by shares (S. 396(A1)(c) of Companies Act 2006) and is registered in England & Wales.

These Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Financial Statements were approved for issue by the Board of Directors on **16 June 2022**. The principal accounting policies adopted by the Company are set out in Note 2.

Group accounting

The Company has taken advantage of the exemption under S.401 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Hitachi Energy Ltd, a Company incorporated in Switzerland. A copy of the accounts of this Company can be obtained from PO Box 8131, CH-8050, Zurich, Switzerland.

2. Accounting Policies

2.1 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, as the results are included in the accounts of Hitachi Energy Ltd, the immediate parent Company.

(a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share Based Payment, because the share-based payment arrangement concerns the instruments of another group entity;

(b) the requirements of IFRS 7 Financial Instruments: Disclosures

(c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement

(d) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  (i) paragraph 79(a)(iv) of IAS 1 Presentation of Financial Statements;
  (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  (iii) paragraph 118(e) of IAS 38 Intangible Assets; and

(e) the requirements of IAS 7 Statement of Cash Flows;

(f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

(g) the requirements of paragraphs 10(d), 10(f), 16, 38(a) - 38(d), 40(a) - 40(d), 111 and 134 -136 of IAS 1 Presentation of Financial Statements;

(h) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) -134(f) and 135(c) -135(e) of IAS 36 Impairment of Assets;

(i) the effects of new but not yet effective IFRSs.

2. **Accounting Policies** (continued)

2.2 Going Concern

The Financial Statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have obtained confirmation, that if required, additional funding will be provided from the Company's immediate parent Company, Hitachi Energy Ltd, to meet its liabilities as they fall due for a period of at least 12 months from the date of these Financial Statements. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these Financial Statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the Financial Statements and therefore have prepared the Financial Statements on a going concern basis.

2.3 Judgements and key sources of estimation uncertainty

The preparation of Financial Statements requires management to make judgements, 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 year or period. However, the nature of estimation means that actual outcomes could differ from those estimates.

This does not mean that every accounting judgement should be disclosed. However, disclosure would be appropriate in cases where the accounting outcome is materially different dependent on the judgement taken. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the Financial Statements:

Revenue and margin recognition

Revenue and margin recognition on contracts are based on constraints on variable consideration, estimates of future costs and an assessment of technical and other risks.

Revenue is accounted for in accordance with IFRS 15 Revenue from contracts with customers. For most of the contracts, revenue and associated margin are recognised progressively over time as costs are incurred, and as risks have been mitigated or retired.

The ultimate profitability of contracts is based on estimates of revenue and costs, including allowances for technical and other risks, which are reliant on the knowledge and experience of the project managers, engineers and finance and commercial professionals. Material changes in these estimates could affect the profitability of individual contracts. Revenue and cost estimates are reviewed and updated at least quarterly, and more frequently as determined by events or circumstances.

The long-term nature of many of the Company's contracts means that judgements are made in estimating future costs on a contract as well as when risks will be mitigated or retired, which impacts when revenue and associated margin are recognised.

Construction contract debtors are presented as part of debtors in the Balance Sheet. If payments received from customers exceed the income recognised, then the difference is presented as Customer advances in the Balance Sheet.

2.4 Revenue recognition

The Company recognises revenue when it transfers the control over a good or service to a customer. The control is deemed to be transferred when the customer has the ability to direct the use of the asset or has the ability to obtain substantially all of the remaining benefits from that good or service.

2. **Accounting Policies** (continued)

2.4 Revenue recognition (continued)

Revenue is recognised on long term contracts over time as control is transferred. The basis used to determine the progress of the transfer of control is cost incurred as noted in Note 2.3 above.

Revenue is recognised on short term contracts and product sales at a point in time when the customer has control over substantially all the remaining benefits from the contract.

Revenue is recognised on service sales at the time the service has been rendered or in the case of period service contracts over the life of the contract.

2.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses if any.

Depreciation is provided on all tangible fixed assets, except for freehold land, at rates calculated to write off cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Freehold buildings	- 15 to 50 years
Leasehold land and buildings	- over the lease term
Machinery, equipment and vehicles	- 3 to 15 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

2.6 Intangible fixed assets

Goodwill has an indefinite life and is reviewed annually for impairment. Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable amounts of the assets acquired and the liabilities assumed in the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

The costs of implementing major software are capitalised at cost. The cost is amortised on a straight-line basis over its useful economic life up to a maximum of 5 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

2.7 Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, as follows:

Raw materials and goods for resale	- purchase cost on a first-in, first-out basis
Work in Progress and finished goods	- cost of direct materials and labour plus attributable overheads

2. **Accounting Policies** (continued)

2.8 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Balance Sheet date. All differences are taken to the Profit and Loss Account.

2.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of all timing differences that have originated but not 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 to receive more, tax, with the exception that deferred tax 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 from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and law enacted or substantively enacted at the Balance Sheet date.

2.10 Leases

At the commencement date of the lease, the Company recognises a right-of-use asset and a lease liability on the Balance Sheet. The right-of-use asset is measured at cost, which consists of the initial measurement of the lease liability, any initial direct costs incurred by the Company in setting-up/entering into the lease, an estimate of any costs to dismantle and remove the asset at the end of the lease and any payments made in advance of the lease commencement date (net of any incentive received).

The Company depreciates right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life or the end of the lease term. The carrying amounts of right-of-use assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised when the carrying value of an asset exceeds its recoverable amount.

The Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the applicable incremental borrowing rate. Lease payments included in the measurement of the lease liability comprises of fixed or variable payments (based on an index or rate), amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to the initial measurement, the liability will be reduced for payments made and increased for the interest applied and it is remeasured to reflect any reassessment or contract modifications. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or in the Profit and Loss Account if the right-of-use asset is already reduced to zero.

The Company has elected to record short-term leases of less than 12 months and leases of low-value assets as defined in IFRS 16 as an operating expense in the Profit and Loss Account on a straight-line basis over the lease term.

Right-of-use assets and lease liabilities are included in Note 10.

2. Accounting Policies (continued)

2.11 Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

2.12 Provisions and Contingencies

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 possibility of the outflow of economic benefit is not probable but more than remote, a contingent liability is disclosed.

Provision for warranty cost is made either by a cost accrual or turnover deferral at the time of sale. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.13 Merger reserve

This merger reserve has arisen from the difference in the nominal value of the shares issued and the book value of the assets transferred by ABB Limited to the Company in October 2019. In accordance with Group Reconstruction Relief this has been transferred to a merger reserve. The merger reserve is reviewed annually for impairment.

3. Turnover and Segmental analysis

The turnover which is stated net of value added tax and is attributable for the financial year / period from the provision of solutions for secure, energy-efficient generation, transmission and distribution of electricity. As well as development, marketing and servicing of Enterprise Software solutions covering asset care and maintenance.

A geographical analysis of turnover is given below:

	2022	*2021*
	£'000	*£'000*
Within the UK	126,685	151,622
Rest of Europe	33,270	64,251
Rest of the World	1,050	5,652
	161,005	221,525

3. Turnover and Segmental analysis (continued)

An analysis of turnover by business segment is given below:

	2022	*2021*
	£'000	*£'000*
Grid automation	41,710	57,871
Grid integration	71,487	100,429
High voltage	25,793	24,452
Transformers	19,516	36,723
Central and Other	2,499	2,050
	161,005	221,525

The Grid automation and Grid integration segments above include contract revenues under IFRS 15.

An analysis of the operating loss is given below:

	2022	*2021*
	£'000	*£'000*
Grid automation	(330)	1,636
Grid integration	(2,903)	(9,637)
High voltage	2,009	(153)
Transformers	(21)	(1,752)
Central and Other	(1,599)	(4,803)
	(2,844)	(14,709)

An analysis of net assets is given below:

	2022	*2021*
	£'000	*£'000*
Grid automation	6,875	3,023
Grid integration	(13,116)	(15,470)
High voltage	5,222	1,677
Transformers	(1,842)	(2,660)
Central and Other	5,611	17,135
	2,750	3,705

Balances on contracts with customers

		Note	*2022*	*2021*
			£'000	*£'000*
Trade Receivables		13	18,194	19,792
Contract assets:	Accrued income	13	21,718	30,895
	Amounts recoverable on contracts	13	13,475	16,861
Contract liabilities:	Customer advances	14	40,624	30,329

The movement in contract asset and contract liability balances in the year are due to contract progression.

The receivables balance comprises of trade receivables from contracts amounting to £13,174,000 (2021: £15,154,000).

Accrued income comprises of unbilled revenue in respect of contracts amounting to £19,747,000 (2021: £26,192,000).

Amounts recoverable on contracts relates to costs incurred in relation to unbilled work on contracts.

Customer advances relate to amounts due to third party customers for billings in excess of revenue and advances received in respect of work to be performed under contracts.

4. Operating Loss

Operating loss is stated after charging/(crediting):

	2022	*2021*
	£'000	*£'000*
Research and development	7,909	10,402
Depreciation of tangible fixed assets	858	1,004
Amortisation of intangible fixed assets	107	21
Impairment of goodwill	-	874
Auditor's remuneration	472	588
Net (gain)/loss on foreign currency translation	(209)	973
Claims under furlough scheme	(5)	(36)

5. Directors' Remuneration and Staff Costs

	2022	*2021*
	£'000	*£'000*
Director Emoluments		
Pensions	34	30
Benefits in kind	18	17
Wages and salaries	764	687
	816	734

The highest paid Directors' emoluments amounted to £361,910 (2021: £406,000) and pension contributions were £6,791 (2021: £8,000).

	2022	*2021*
	£'000	*£'000*
Staff Costs		
Wages and Salaries	28,079	33,181
Social security costs	3,596	3,805
Other pensions costs	3,827	4,645
	35,502	41,631

The average number of employees during the period was 399 (2021: 382):

	2022	*2021*
Consulting & customer support	90	94
Sales & marketing	68	64
Administration	71	41
Production	170	183
	399	382

6. Interest Receivable

	2022	*2021*
	£'000	*£'000*
Interest receivable from group undertakings	-	24

7. Interest Payable and Similar Charges

	2022 £'000	2021 £'000
Interest expense on leases (Note 10)	(16)	(16)
Interest payable to group undertakings	(19)	-
	(35)	(16)

8. Tax on Loss

Analysis of tax credit for the year/period	2022 £'000	2021 £'000
Current taxation		
Current tax on loss for the year/period	437	-
Tax credit understated in prior year	1,487	12
	1,924	12
Deferred taxation		
Origination and reversal of timing differences	-	-
Tax on loss on ordinary activities	1,924	12

Factors affecting current tax credit:

The tax credit on the loss for the year differs from the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are reconciled below:

	2022 £'000	2021 £'000
Loss before tax	(2,879)	(14,701)
Loss multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	547	2,793
Expenses not deductible for tax purposes	(110)	(166)
Tax credit understated in prior year	1,487	12
Deferred tax not recognised	-	(2,627)
Total current tax credit	1,924	12

The Company has tax trading losses arising and carried forward in the UK of £20,853,000 (2021: £28,449,000) which are available indefinitely for offset against future taxable profits of the businesses in which the losses originally arose.

The Company has future tax adjustments in the UK of £1,810,000 (2021: £1,471,000) relating to decelerated capital allowances, and of £309,000 (2021: £54,000) relating to other timing differences.

Deferred tax assets have not been recognised in respect of the above noted tax losses and other timing differences as there is insufficient positive evidence available to support the future recoverability of these assets – see Note 15.

9. Tangible Fixed Assets

	Land & Buildings £'000	*Machinery, Equipment & Vehicles £'000*	*Total £'000*
Cost:			
At 1 April 2021	4,520	4,430	8,950
Additions	-	840	840
Disposals	(198)	(847)	(1,045)
At 31 March 2022	4,322	4,423	8,745
Depreciation:			
At 1 April 2021	1,732	2,226	3,958
Charge for the year	123	735	858
Disposals	(82)	(596)	(678)
At 31 March 2022	1,773	2,365	4,138
Net Book Value:			
At 31 March 2022	2,549	2,058	4,607
At 1 April 2021	2,788	2,204	4,992

Freehold land amounting to £1,350,000 (2021: £1,350,000) is included in Land & Buildings.

Included in tangible fixed assets are right of use assets amounting to a net book value of £543,000 (2021: £706,000) and the analysis of these is given in Note 10 Leases.

10. Leases

The Company has entered into lease contracts in relation to its offices and vehicles used in its operations. Leases of motor vehicles have lease terms between 2-3 years, while office building between 3-8 years.

Set out below are the carrying amounts of right-of-use assets recognised and movements during the year:

	Buildings	*Machinery, Equipment and vehicles*	*Right of use assets Total*
	£000	*£000*	*£000*
Cost:			
At 1 April 2021	274	1,213	1,487
Additions	-	176	176
Disposals	(198)	(261)	(459)
At 31 March 2022	76	1,128	1,204
Depreciation:			
At 1 April 2021	130	651	781
Charge for the year	137	175	312
Disposal	(198)	(234)	(432)
At 31 March 2022	69	592	661
Net Book Value:			
At 31 March 2022	7	536	543
At 1 April 2021	144	562	706

Set out below are the carrying amounts of lease liabilities:

	Buildings	*Machinery, Equipment and vehicles*	*Total*
	£000	*£000*	*£000*
At 1 April 2021	119	861	980
Additions during the year	-	176	176
Interest	1	15	16
Payments	(113)	(513)	(626)
At 31 March 2022	7	539	546

At 31 March 2022

10. Leases (continued)

Analysed as:	*2022* *£000*	*2021* *£000*
Current lease liability (Note 14)	287	514
Non-current lease liability	259	466
	546	980

The following are the amounts recognised in Profit and Loss account:

	Buildings *£000*	*Machinery, Equipment and Vehicles* *£000*	*Total recognised in Profit and Loss Account* *£000*
Short-term lease charges	-	209	209
Depreciation expense of right of use asset	137	175	312
Interest expense on lease liability	1	15	16
Year ended 31 March 2022	138	399	537

Future minimum rentals payable under non-cancellable leases:

	2022 *£000*	*2021* *£000*
Within one year	287	514
In two to five years	259	466
	546	980

At 31 March 2022

11. Intangible Fixed Assets

	Software *£'000*	*Goodwill* *£'000*	*Total* *£'000*
Cost:			
At 1 April 2021	582	874	1,456
Additions	42	-	42
Disposal	(43)	-	(43)
At 31 March 2022	581	874	1,455
Amortisation/impairment:			
At 1 April 2021	104	874	978
Amortisation for the year	107	-	107
Disposal	(43)	-	(43)
At 31 March 2022	168	874	1,042
Net Book Value:			
At 31 March 2022	413	-	413
At 1 April 2021	478	-	478

12. Stock

	2022 *£'000*	*2021* *£'000*
Raw materials and consumables	-	10
Work in progress	326	515
Finished goods	4	13
	330	538

Inventory is measured at the lower of cost and net realisable value in accordance with international accounting standard IAS 2 inventories.

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

Work in Progress relates to costs incurred in relation to unbilled work for service contracts.

13. Debtors

	2022 £'000	2021 £'000
Trade debtors (Note 3)	18,194	19,792
Amounts owed by group undertakings	42,614	14,533
Corporation tax	2,016	90
Amounts owed by related parties (Note 21)	3,243	8,762
Prepayments and accrued income (Note 3)	21,718	30,895
Amounts recoverable on contracts (Note 3)	13,475	16,861
Other debtors	138	226
	101,398	91,159

Trade debtors and accrued income are stated after allowing for expected credit losses of £427,940 (2021: £700,000).

Included in amounts owed by group undertakings is an amount for £37,000,000 (2021: 9,000,000) which relates to deposits with a fellow group undertaking at interest ranging from 0.545% to 0.595% (2021: 0.045%).

14. Creditors

	2022 £'000	2021 £'000
Trade creditors	5,365	9,144
Customer advances (Note 3)	40,624	30,329
Amounts owed to group undertakings	21,739	10,861
Other taxes and social security	8,775	8,986
Amounts owed to related parties (Note 21)	628	1,240
Lease liabilities (Note 10)	287	514
Other creditors	-	1,930
Accruals and deferred income	24,807	35,813
	102,225	98,817

15. Deferred Taxation

The amounts of deferred taxation are as follows:

	Unrecognised Deferred Tax	
	2022 £'000	2021 £'000
Decelerated Capital Allowances	452	368
Short term timing differences	77	14
Tax losses carried forward	5,213	7,112
	5,742	7,494

Unrecognised deferred tax assets have been calculated at 25% due to the uncertainty as to when these assets will crystallise.

Out of the total unrecognised deferred tax asset in 2022, approximately £345,000 (2021: £666,000) relates to the rate change enacted on 24 May 2021, where it was announced that the UK tax rate will rise from the current 19% to 25% from April 2023.

The decrease in tax losses carried forward pertains to tax losses group relieved to group undertakings.

16. Provisions for Liabilities

	Restructuring	*Warranties and losses on contracts*	*Other*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
Provision at 1 April 2021	24	2,074	687	2,785
Charged / (credited) to Profit and Loss Account during the year	-	605	(513)	92
Utilised during the year	(24)	(185)	-	(209)
Provision at 31 March 2022	-	2,494	174	2,668

Provisions for restructuring relate to redundancy costs.

A provision is recognised for expected warranty claims on completed contracts. It is expected that these costs will be incurred within two years of the Balance Sheet date.

Other provisions relate to provisions for losses or claims on ongoing contracts. The provision credited during the year pertains to completed contracts. It is expected that these costs will be incurred with three years of the Balance Sheet date.

The impact of discounting amounts arising from the passage of time and the effect of any change in the discount rate is not material to these Financial Statements.

17. Guarantees and other financial commitments

In accordance with the industry practice, guarantees of performance under contracts with customers are given. Such guarantees can, in the normal course of business extend from the tender period until the final acceptance by the customer, or the end of the warranty period and may include guarantees on project completion, or contract specific defined performance criteria.

The guarantees are provided by a bank by way of performance bonds and letters of credit. At 31 March 2022, these guarantees amounted to £49,574,662 (2021: £9,337,000). In addition, there are guarantees provided for contracts that have not yet been novated from ABB Limited. These amounted to £7,140,631 as at 31 March 2022 (2021: £32,515,000). The Company provides a counter indemnity to the bank.

Projects for which guarantees are given are regularly reviewed by the management and when it becomes probable that payments pursuant to performance guarantees will be required to be made, accruals are recorded in the Financial Statements at that time.

18. Called Up Share Capital

Share capital

	2022 £'000	2021 £'000
Brought forward	37,699	18,699
Issued for cash	-	19,000
On issue at 31 March 2022 / 31 March 2021 – fully paid	37,699	37,699

	No.	2022 £'000	No.	2021 £'000
Ordinary Shares of £1 each				
Allotted, called up and fully paid	37,698,650	37,699	37,698,650	37,699

19. Defined Contribution Pension Scheme

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charges to income of £3,827,000 (2021: £4,645,000) represents contributions payable by the Company to the fund. Contributions of £309,321 (2021: £202,000) due in respect of the current reporting period were payable to the fund at the year-end and are included in creditors.

20. Contingent liabilities

The Company is party to certain legal actions in the normal course of business and only provides for them when there is a probable obligation. The Company has received a claim with a possible obligation of up to £10.7million. The Directors consider that there are no substantial grounds for this claim and the risk of loss to be remote.

21. Related Party Transactions

During the period the Company entered into transactions with various ABB Group entities.

During the year ended 31 March 2022 the Company has purchased products and services amounting to £7,833,000 (2021: £6,284,000) and sold products and services amounting to £8,373,737 (2021: £6,776,000).

As at 31 March 2022 the Company owed £628,000 (2021: £1,240,000) and was owed £3,243,000 (2021: £8,762,000).

22. Ultimate Parent Undertaking

The immediate parent Company is Hitachi Energy Ltd, a Company incorporated in Switzerland. This undertaking is the smallest group in which Hitachi Energy UK Limited is consolidated. A copy of the accounts can be obtained from PO Box 8131, CH-8050 Brown Boveri Strasse 5, Zurich, Switzerland, which is the registered office of Hitachi Energy Ltd.

The ultimate parent undertaking of the Company is Hitachi Ltd, a Company incorporated in Japan. This undertaking is the largest group in which Hitachi Energy UK Limited is consolidated. A copy of the accounts can be obtained from 1-6-6, Marunouchi, Nihonseimei, Marunouchi Building, Chiyoda-Ku, Tokyo 100-8280, Japan.