SIEMENS INDUSTRY SOFTWARE COMPUTATIONAL DYNAMICS LIMITED
Annual report and financial statements
Registered number 02180851
September 30, 2021

SIEMENS INDUSTRY SOFTWARE COMPUTATIONAL DYNAMICS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

CONTENTS	**PAGE**
Strategic report	2
Directors' report	6
Statement of Directors' Responsibilities in respect of the annual report and financial statements	9
Independent Auditor's Report to the members of Siemens Industry Software Computational Dynamics Limited	10
Statement of Income	12
Statement of Financial Position	13
Statement of Changes in Equity	15
Notes to the Financial Statements	16

STRATEGIC REPORT

The directors of Siemens Industry Software Computational Dynamics Limited ("the Company") present the annual report containing a strategic report, directors' report and the financial statements for the year ended September 30, 2021. In these financial statements, the terms 'Group' and 'Siemens' refer to the Company's ultimate parent undertaking, Siemens AG.

Principal activities

Siemens Industry Software Computational Dynamics Limited is integrated into the Siemens Digital Industries Operating Company, headquartered in Germany. Siemens Beteiligungen Europa GmbH (HRB 234014) merged with Atecs Mannesmann GmbH in August 2021 which was subsequently renamed to Siemens Beteiligungen Europa GmbH (HRB 266700). The Company continued to pursue the strategic policy set by the board of directors. The Group's principal activities continued to be development, sale and support of high end CAE simulation software and associated services.

On October 1, 2021, the Intellectual Property relating to STAR CCM+, STAR-CD, DARS Product and STAR design Product owned by Siemens Industry Software Computational Dynamics Limited, was sold to Siemens Industry Software NV for the consideration of £673m.

Due to this sale, the directors plan to liquidate the Company in the near future. The directors have assessed the recoverability of the assets in light of the plans to liquidate the company in the future and at this time expect the assets to be transferred to another group company at their carrying value as the consideration and such believe the carrying value is recoverable at the date of approval of the accounts.

General business review

The performance in 2021 is in line with the expectations of the directors, and the directors believe the results for the year reflect the ongoing trading performance of the Company. The Company made a net income for the financial year, net of taxation of £22,107k (2020: £12,121k).

The directors work closely with management to anticipate risks from economic or global factors and plan accordingly. Like many businesses, we monitored and sought to anticipate the impact of the UK's departure from the European Union (so-called 'Brexit). Following the agreement of the EU-UK Trade and Cooperation Agreement (TCA), Siemens has taken the necessary steps to ensure that our systems and processes comply with relevant post-Brexit requirements. However, this has not created an impact on the figures we present this year. Beyond that it is too early to tell if Brexit will lead to longer-term changes to our markets in the UK, and the situation has been further complicated by the impact of the Pandemic. However, with difficult discussions ongoing between the EU and the UK over the Northern Ireland protocol, which could, in a worse-case scenario, lead to the suspension of the TCA and the introduction of additional trade barriers, we will continue to monitor developments.

Principal risks and uncertainties

The Company has implemented a co-ordinated set of risk management and control systems, including strategic planning and management reporting, to help anticipate, measure, monitor and manage its exposure to risk. Risks which the Company faces include price and product competition, integration of acquired businesses, performance risks under long term fixed price contracts, loss of supply of product components, changes in the regulatory and legal environment, and credit and interest rate risks, which may increase due to the global shortage of credit. The Company has a diversified range of customers in order to mitigate these risks.

Competition and innovation

Continuing development of new products and improvement of existing products is essential within this industry for the continued success of the business, and the risks in this area is that competitors could innovate more effectively in the future.

Currency risk

The company is exposed to transaction currency risk, where software licences and consultancy services are sold in overseas markets and are invoiced in local currency.

Human Resources

The company faces competition in recruiting and retaining the talented individuals it requires to remain successful. Failure to do this could have an adverse effect on the business.

Statement related to Section 172 of Companies Act 2006 (known as Section 172(1) statement

The Directors of the Company must act in accordance with a set of general duties. These include a duty under s.172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members, and in doing so have regard (amongst other matters) to:

1) the likely consequences of any decision in the long term;

2) the interests of the company's employees;

3) the need to foster the company's business relationships with suppliers, customers and others;

4) the impact of the company's operations on the community and the environment;

5) the desirability of the company maintaining a reputation for high standards of business conduct; and

6) the need to act fairly as between members of the company.

Understanding the perspectives of the company's stakeholders and building good relationships enables their views to be taken into account in Senior Leadership Team ("SLT") discussions among the board of directors of the Company ("Board") and in decision-making. Two Board members, the MD and FD are also members of the SLT, along with the Heads of Sales & Marketing, Operations and HR. The SLT plays an important business-focused and commercial role in the UK and Export operations, covering all aspects of the business. Given the size and nature of Siemens Industry Software Computational Dynamics Limited ("**SISCDL**" or "**Company**") in the UK, stakeholder engagement often takes place at both an operational and senior management level, as well as by the Board. Further information and examples of how the Company engages with its key stakeholders is provided below.

Employees

Striving to be an employer of choice, the Company places value on creating a culture of learning, promoting diversity and fostering equality

Engagement	**Key topics, decisions and outcomes influenced by this stakeholder group**
As a company, Siemens Industry Software Computational Dynamics Limited succeeds through its people. Fostering the health and performance of our employees as well as safeguarding their working conditions are core to the Company's social and business commitments.	Particular attention has been devoted to raising awareness of mental health issues. The Company does a lot of work to ensure employees feel equipped to cope with the mental stresses and strains of life. We are encouraging all people managers to attend a series of training sessions organised by Zurich which includes topics such as; legislation to support and manage mental wellbeing in the workplace, occupational burnout, menopause and supporting an ageing workforce.. All UK employees also receive a £320 per annum wellness allowance to spend on activities or items to support their physical and mental wellbeing. Based on employee feedback the scope of this programme is being further expanded in FY22. Alongside this, we also have a group of Mental Health First Aiders who have received the MHFA training and are available to employees. Employees also have access to a confidential Employee Assistance Programme.
The views of our employees are critical in helping us to continually improve ourselves as an organisation, and regular employee engagement surveys enable us to both further understand our employees' perspectives and generate ideas which can benefit everyone.	Employees have many opportunities to learn about and influence Company decisions, including: • The annual employee engagement survey and additional pulse wellbeing surveys • Regular Town Hall meetings • One effect of the Covid-19 pandemic has been to accelerate the flexibility of how our employee's work. With Siemens already committed to Employee Led Flexibility, in many cases employees can carry out their roles in a way which best fits their preferences and circumstances, reflecting the commitment of Siemens to Mobile Working which includes working away from traditional workplaces, and instead working at home or other locations which suit both employees and the Company. This has become increasingly embedded as the 'New Normal' way of working for many of our employees. • Regular employee townhalls with FAQs • The intranet and a regular newsletter are used to communicate news of activities and initiatives going on in the Company
Our communication and engagement arrangements are continuously improved with employee involvement via a	We have frequent communication through a variety of channels, including regular townhalls and detailed Frequently Asked Questions that aimed to address employees' concerns.

Communications Working Group. A culture of learning is encouraged in many ways. Examples include regular performance reviews and development discussions for all employees; internal and external training; sponsorship of qualifications at all levels.	To support the initiative of 'Own Your Career' a dedicated SharePoint site was developed which enables all employees to find tools and resources to support their career development such as coaching and mentoring, career opportunities and access to training courses. The L&D Team also re-launched our mentoring programme, providing training and a structured programme for mentors. Lastly, to run alongside these initiatives, 'Growth Talks' were launched. Growth talks is an initiate to encourage regular and timely feedback between managers and employees. Fostering a culture of openness and enabling employees to feel supported whilst also having the opportunity to own their own career.
Diversity and Inclusion initiatives have focused on inclusive culture, LGBT inclusion, racial and gender equality, and equal opportunities for people with disabilities.	The Management team recognises the value of diversity and inclusion and is committed to truly embed it in everything the Company does. Several initiatives, policies and programmes are underway to achieve this including playbooks shared with people managers on diversity and inclusion. In addition, all people managers have attended 'unconscious bias' training. A session on the 'menopause in the workplace' led by an external expert was run with the UK management team and other training has been made available for people managers and employees. We continue to encourage diversity in the workplace through our active global diversity council and supporting our 11 employee resource groups (ERGs). These groups are open to all Siemens employees. The Board is responsible for overseeing the Company's progress in closing the gender pay gap and publishes each year a Gender Pay Gap report. An evidence-based action plan has been implemented in response to the Gender Pay Gap outcomes.

Customers, Suppliers and Business Partners

Business relationships with the Company's customers, suppliers, and other business partners are fundamental.

Engagement	**Key topics, decisions and outcomes influenced by this stakeholder group**
Customers are always at the centre of our thinking with regard to technology, innovation and how to best consult and support them. Our main goal is to establish ourselves as the partner of choice for our customers by fostering close and trusted partnerships.	The Company's preparation for Brexit were overseen by SLT and proved to be robust we kept customers and suppliers informed. The action taken around resource planning, reviewing, and where necessary, adjusting our systems and processes resulted in minimal disruption. The company has continued to support customer timelines and milestones, moving to full remote delivery on all projects and where requested by the customer adapted delivery scope and timescales to support the change in customer priorities driven by the global impact of the pandemic. All events moved from physical to digital and continued to be provided to customers, supporting their need to remain educated on the technologies they could be adopting to improve their business.

Communities and Environment

The Company serves society wherever it operates and as a globally active company with innovative and investment capabilities the Company shares responsibility for sustainable development worldwide.

Engagement	**Key topics, decisions and outcomes influenced by this stakeholder group**
The Company supports the charitable endeavours of its employees and customers.	Siemens supports many organizations around the world through sponsorships, donations, and other contributions. Memberships in various associations or contributions to certain groups and activities are an essential part of our Corporate Social

	Responsibility program, our leadership in industry initiatives and our programs to strengthen the Siemens brand. Employees can also make donations to a number of charities via monthly or one-off payroll deductions to Charities Trust.

Government, Regulators and Trade Associations

Continuous dialog with policymakers is extremely important for the success of a company like Siemens Industry Software Computational Dynamics Limited.

Engagement	**Key topics, decisions and outcomes influenced by this stakeholder group**
As a member of the Siemens group of companies, Siemens Industry Computational Dynamics Limited is politically neutral, but we operate in markets which are shaped by UK Government policy, either directly or indirectly. Our external engagement is governed in full accordance with our Company commitment to responsible and sustainable business. These allow the Company to engage with peers and regulators to discuss emerging policies, regulation, and innovation.	The company continued to support the Innovate UK Catapult Network providing world-leading technology and expertise to enable innovation for UK businesses to continue.

The Siemens AG Group Companies

The Siemens Group is setting the course for long-term value creation through accelerated growth and stronger profitability with a simplified and leaner company structure.

Engagement	**Key topics, decisions and outcomes influenced by th stakeholder group**
The main aim of the Vision 2020+ strategy is to give Siemens' individual businesses including Siemens Industry Computational Dynamics Software Limited, significantly more entrepreneurial freedom under the strong Siemens brand where appropriate, in order to sharpen their focus on their respective markets. The strategic decisions of the Siemens AG Group influence the decisions taken by the SLT which, in turn, adapts the Group strategy for the UK market taking into account UK customer and employee needs. The SLT have strong relationships with all key stakeholders across the wider Siemens Group, which ensures that the global strategy and expectations are understood and considered as part of the Company's strategic decisions for the UK.	The Company's management participates in Siemens forums and conferences at a global and UK level, which also includes functionally as well. Employees are able to join regular webinar updates given by Siemens management, with regard to the Company's strategy and performance. These take place at a global, country and business level. Dividend proposals are also a key decision made each year with the Board having regard to the ability of the Company to make a dividend taking into account, amongst other considerations, the needs of the parent company.

Approved by the board of directors on 01 March 2022 and signed on it's behalf by

B Sheath

B Sheath
Director

Registered Office:

Pinehurst 2
Pinehurst Road
Farnborough
Hampshire
GU14 7BF

DIRECTORS' REPORT

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

B M Sheath	
D L Macaskill	Resigned 1 March 2021
O P Lewis	Appointed 1 March 2021

None of the directors holding office at September 30, 2021 had notified a beneficial interest in any contract to which the Company or its subsidiary undertakings were a party during the financial year.

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

DIVIDENDS

Directors approved a dividend payment in the year of £21.4m (2020: £120m).

SUBSEQUENT EVENTS

On October 1, 2021, the Intellectual Property relating to STAR CCM+, STAR-CD, DARS Product and STAR design Product owned by Siemens Industry Software Computational Dynamics Limited, was sold to Siemens Industry Software NV for the consideration of £673m.

Due to this sale, the directors plan to liquidate the Company in the near future. In these circumstances, the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, unwinding the company's assets. Despite this, no material adjustments arose as a result of ceasing to apply the going concern basis at reporting date.

RESEARCH AND DEVELOPMENT

The Company continues to invest in research and development in the UK. During the year, the Company spent £41,712k (2020: £43,103k) on research and development.

INTELLECTUAL PROPERTY

The Siemens AG group relies on a combination of contracts, copyrights, patents, trademarks and other common law rights such as trade secret and unfair competition laws to establish and protect the proprietary rights to the Company's technology. The Company distributes software by license rather than by the transfer of absolute ownership. Such licenses contain various provisions protecting the Company's ownership and confidentiality of the licensed technology. The Company continues to perform research and development work on behalf of the group.

GROUP POLICIES

Employee engagement

The directors continue to encourage employee participation within the Company. The Siemens Leadership Framework and Management Development Programmes underpin the various methods for encouraging an open and participative style of management and communication that has been introduced in recent years; these include team briefings, intranet information and notices, staff forums and employee elections to the Siemens Europe Committee and the European Works Council. We encourage suggestions and innovations for improving business performance through the "top+ Business Excellence'', business suggestion schemes and the staff dialogue process.

Environmental

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

Equal opportunities

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

Business Stakeholders

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

POLITICAL DONATIONS

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

GOING CONCERN

Management have taken the impact of COVID-19 into consideration as well as sale of the IP agreement on the 1st October 2021. The Directors plan to liquidate the Company in the near future. In these circumstances, the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, unwinding the company's assets. As the Company transferred their IP right to Siemens Industry Software NV and ceased their normal operations and will realise its remaining assets in an orderly fashion, the directors have determined that the accounting policies applied to individual items should be consistent with those required under United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

The directors have assessed the recoverability of the assets in light of the plans to liquidate the company in the future and at this time expect the assets to be transferred to another group company at their carrying value as the consideration and such believe the carrying value is recoverable at the date of approval of the accounts.

STREAMLINED ENERGY & CARBON REPORTING (SECR)

	FY21	FY20
Energy consumption used to calculate emissions: kWh	242,695	168,430
Electricity Consumption (kWh)	242,101	121,918
Transport fuel (kWh)	594	46,512
Emissions from business travel in rental cars or employee -owned vehicles where company is responsible for purchasing the fuel tCO2e (Scope 3)	0	12
Emissions from purchased electricity tCO2e (Scope 2, location -based)	51	31
Total gross tCO2e based on above	51	43
Intensity ratio: tCO2e gross figure based from mandatory fields above/ £100,000 turnover	0.07	0.063

Methodology	**All the SECR data requirements for unquoted 'large' companies have been met and the energy consumption and emissions are reported above. This includes UK consumption of electricity, gas and transport fuels where the company is responsible for the fuels.** **The methodology used to calculate emissions is the WBCSD/WRI Greenhouse Gas Protocol: a corporate accounting standard: revised edition. An operational control approach has been taken.** **UK Government greenhouse gas emissions conversion factors for 2021 have been applied as these were applicable for the majority of the financial year.** **Scope 2 emissions from purchased electricity and gas have been calculated using the location-based and market-based approaches.**
Energy Efficiency Action:	Siemens cemented this commitment to climate action in 2021 by signing up to the Climate Pledge, setting 1.5C aligned science-based targets with the Science Based Targets Initiative (SBTi) and joining EV100, RE100 and EP100. This year the business has focused its decarbonisation activities on it's fleet with the launch of the Ultra-Low Emissions Vehicle company car scheme. This is the first step in our road to zero initiative, working towards the goal that all miles driven for business will be carbon neutral. This provides a cost efficient alternative choice for employees currently receiving a cash allowances; supporting employees to switch to ULEVs with a C02 limit of 49g/km. This limit will be reviewed annually in order to reduce our carbon footprint, Since the launch of the scheme in April 2021, 58 drivers* have ordered ULEVs vehicles with 93% of

	order for fully electric vehicles. In the period covered by the report the Company has purchased 242 MWh of renewable electricity via a REGO green tariff. Further information on our approach to Sustainability can be found at new.siemens.com/uk/en/company/sustainability.html * Relates to the broader group of Siemens Industry Software businesses

DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who held office at the date of approval of this annual report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all steps that ought to have been taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

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

Approved by the board of directors on 01 March 2022 and signed on it's behalf by

B Sheath

B Sheath
Director

Registered Office:

Pinehurst 2
Pinehurst Road
Farnborough
Hampshire
GU14 7BF

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with the applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 101 "Reduced Disclosure Framework" and applicable law).

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 101 "Reduced Disclosure Framework" have been followed, subject to any material departures disclosed and explained in the financial statements; and

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIEMENS INDUSTRY SOFTWARE COMPUTATIONAL DYNAMICS LIMITED

Opinion

We have audited the financial statements of Siemens Industry Software Computational Dynamics Limited for the year ended 30 September 2021 which comprise the Statement of Income, the Statement of Financial Position, the 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 30 September 2021 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.

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to note 1 to the financial statements which explains that the directors intend to liquidate the company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in note 1. Our opinion is not modified in respect of this matter.

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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, 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 (International Accounting Standards in conformity with the requirements of the Companies Act 2006) and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the company has to comply with laws and regulations including health and safety, employees, data protection and anti-bribery and corruption.
- 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 assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, through internal team discussions and enquiry of management and those charged with governance. Through these procedures, we identified there to be a risk of management override in order to overstate intercompany revenue due to the royalty agreement in place with other group companies. We performed test of details on the monthly royalty payments; we obtained the listing of payments and traced the payments to cash receipts; we agree the individual licensee's royalty cost calculation per the royalty calculation to the trial balance as well as the true up calculation performed at year end to ensure the clerical accuracy of the licensee's royalty cost calculation and agreed this to the underlying data; reviewed intercompany reconciliations to ensure no material unreconciled differences. To ensure appropriate revenue recognition and measurement, we reviewed the contract/agreement held with group companies to confirm the royalty rates applied and performed a reasonability analysis to validate that the royalties are charged on agreed rates and are recognised in the appropriate period. In relation to management override, we used data analytics to sample from the entire population of journals, identifying specific transactions which did not meet our expectations based on specific criteria which we investigated further to gain an understanding of the transaction and agreed to source documentation ensuring appropriate authorisation of the transactions.

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

Emily Butler (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

Reading
07 March 2022

STATEMENT OF INCOME
For the years ended September 30, 2021 and 2020 (in thousands of £)

	Note	2021	2020
Revenue	3	**73,596**	68,127
Cost of sales		**(1,185)**	(2,715)
Gross profit		**72,411**	65,412
Research and development expenses		**(41,712)**	(43,103)
Marketing and distribution expenses		**(1,623)**	(1,783)
Administrative expenses		**(7,820)**	(5,395)
Other operating income / (expenses)		**1,062**	(15)
Operating profit	4	**22,318**	15,116
Interest income	7	**2**	41
Interest expenses	7	**(164)**	(46)
Other financial income, net		**3,959**	-
Income from continuing operations before income taxes		**26,115**	15,111
Income tax expense	8	**(4,008)**	(2,990)
Income from continuing operations, net of income taxes		**22,107**	12,121
Net income for the financial year		**22,107**	12,121

The Company has no other gains or losses in the current and prior year, other than those included in the income statement above, and therefore no separate statement of comprehensive income has been presented.

STATEMENT OF FINANCIAL POSITION
For the years ended September 30, 2021 and 2020 (in thousands of £)

		2021	2020
FIXED ASSETS			
Goodwill	9	**237**	237
Other intangible assets	10	**-**	27
Property, plant and equipment	11	**1,966**	2,712
Investments	12	**33**	33
Deferred tax assets	8	**497**	416
Other assets		**-**	19
Total Fixed assets		**2,733**	3,444
CURRENT ASSETS			
Debtors	13	**27,197**	37,520
Total current assets		**27,197**	37,520
Creditors: amounts falling due within one year			
Short term lease liability		**447**	442
Trade creditors	14	**2,289**	8,098
Contract liabilities	15	**88**	188
Current income tax liabilities		**2,465**	7,790
Other creditors including tax and social security	16	**1,294**	1,148
		6,583	17,666
Net Current assets		**20,614**	19,854
Total Assets less Current Liabilities		**23,347**	23,298
Creditors: amounts falling due after one year			
Long term lease liability		**908**	1,355
Provisions for liabilities			218
Other non-current liabilities		**7**	-
		915	1,573
Net Assets		**22,432**	21,725
Capital and Reserves			
Share Capital	18	**13**	13
Share Premium		**310**	310
Retained Earnings		**22,109**	21,402
Shareholder's funds		**22,432**	21,725

STATEMENT OF FINANCIAL POSITION
For the years ended September 30, 2021 and 2020 (in thousands of £)

These financial statements were approved and authorised for issue by the board of directors on March 1, 2022 and were signed on their behalf by:

Oliver Lewis

O Lewis
Director

Registered number:02180851
Siemens Industry Software Computational Dynamics Limited

STATEMENT OF CHANGES IN EQUITY
For the years ended September 30, 2021 and 2020 (in thousands of £)

	Note	Share capital	Share premium	Retained earnings	Total equity
Brought forward October 1, 2019		13	310	129,281	129,604
Net income for the financial year		-	-	12,121	12,121
Total comprehensive income for the financial year		-	-	12,121	12,121
Dividends to equity holders	22	-	-	(120,000)	(120,000)
Balance at September 30, 2020		13	310	21,402	21,725
Brought forward October 1, 2020		**13**	**310**	**21,402**	**21,725**
Net income for the financial year		**-**	**-**	**22,107**	**22,107**
Total comprehensive income for the financial year		**-**	**-**	**22,107**	**22,107**
Dividends to equity holders	22	**-**	**-**	**(21,400)**	**(21,400)**
Balance at September 30, 2021		**13**	**310**	**22,109**	**22,432**

1. Basis of presentation

The financial statements were prepared in compliance with United Kingdom Accounting Standards including Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) and in accordance with the Companies Act 2006. The financial statements were authorized for issue by the Board of Directors on 01 March 2022. The financial statements are generally prepared on the historical cost basis, except as stated in note 2.

Siemens Industry Software Computational Dynamics Limited has prepared and reported its financial statements in Sterling (£) and the financial information is disclosed in thousands of £, except when otherwise indicated. 'k' denotes thousands of Sterling (£) and 'm' denotes millions of Sterling (£).

The financial statements contain information about Siemens Industry Software Computational Dynamics Limited as an individual company and does not represent consolidated financial information of a group, where the company acts as a parent. The company has taken advantage of the exemption under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements and its results along with the results of the company's subsidiary undertakings are included in the consolidated financial statements of its ultimate parent, Siemens AG, a company incorporated in Germany.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year. The Company has taken advantage of the following disclosure exemptions under FRS 101 as the equivalent disclosures are included in the consolidated financial statements of Siemens AG:

(a) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67of IFRS 3 Business Combinations;
(b) the requirements of IFRS 7 Financial Instruments;
(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;
    (ii) paragraph 118(e) of IAS 38 Intangible Assets;
(e) The requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
(f) the requirements of IAS 7 Statement of Cash Flows;
(g) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
(h) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
(i) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
(j) 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.
(k) the requirements of paragraphs 26, 89, 90,91 and 93 and the requirements of paragraph 58 of IFRS 16 Leases.

Going concern

On October 1, 2021, the Intellectual Property relating to STAR CCM+, STAR-CD, DARS Product and STAR design Product owned by Siemens Industry Software Computational Dynamics Limited, was sold to Siemens Industry Software NV for the consideration of £673m.

Due to this sale, the directors plan to liquidate the Company in the near future. In these circumstances, the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, unwinding the company's assets. Despite this, no material adjustments arose as a result of ceasing to apply the going concern basis at reporting date. The directors have assessed the recoverability of the assets in light of the plans to liquidate the company in the future and at this time expect the assets to be transferred to another group company and such believe the carrying value is recoverable at the date of approval of the accounts.

2. Summary of significant accounting policies and critical accounting estimates

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Revenue recognition - The company recognises revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness. Revenue is the transaction price Siemens expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved. The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which is expected to better predict the amount of variable consideration. Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or Siemens. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the Company reasonably estimates those. Revenue is recognised for each performance obligation either at a point in time or over time.

Revenues from services- Revenues are recognised over time on a straight-line basis or, if the performance pattern is other than straight-line, as services are provided, i.e. under the percentage-of-completion method as described above. Payment terms are usually 30 days from the date of invoice issued according to the contractual terms.

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

Income from royalties- Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

Foreign currency transaction- Transactions that are denominated in a currency other than the functional currency of the entity, are recorded at that functional currency applying the spot exchange rate at the date when the underlying transactions are initially recognised. At the end of the reporting period, foreign currency-denominated monetary assets and liabilities are revalued to functional currency applying the spot exchange rate prevailing at that date. Gains and losses arising from these foreign currency revaluations are recognised in the Statement of Income. Those foreign currency-denominated transactions which are classified as non-monetary are remeasured using the historical spot exchange rate.

Investments - Investments are stated at their historic cost to the Company less provisions for any impairment. The determination of the recoverable amount of an investment involves the use of estimates by management. The Company uses discounted cash flow-based methods applied to the cash-generating unit underlying the investment. These discounted cash flow calculations typically use five-year projections that are based on the financial plans. Cash flow projections take into account past experience and represent management's best estimate about future developments. Cash flows after the planning period are extrapolated using individual growth rates. Key assumptions which management has based its determination of fair value less costs to sell and value in use include estimated growth rates, weighted average cost of capital and tax rates. These estimates, including the methodology used, can have a material impact on the values and ultimately the amount of any investment impairment. For further explanation of the investment impairment testing in the period see note 12.

Goodwill — Goodwill is not amortised, but instead tested for impairment annually, as well as whenever there are events or changes in circumstances (triggering events) which suggest that the carrying amount may not be recoverable. Goodwill is carried at cost less accumulated impairment losses.

The goodwill impairment test is performed at the level of a cash-generating unit represented by a segment, which is the lowest level at which goodwill is monitored for internal management purposes.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash-generating unit or the group of cash-generating units that is expected to benefit from the synergies of the business combination. If the carrying amount of the cash-generating unit or the group of cash-generating units, to which the goodwill is allocated, exceeds its recoverable amount, an impairment loss on goodwill allocated to this cash-generating unit or the group of cash-generating units is recognised. The recoverable amount is the higher of the cash-generating unit's or the group of cash-generating units' fair value less costs to sell and its value in use. If either of these amounts exceeds the carrying amount, it is not always necessary to determine both amounts. The Company determines the recoverable amount of a cash-generating unit based on its fair value less costs to sell. These values are generally determined based on discounted cash flow calculations. Impairment losses on goodwill are not reversed in future periods.

The determination of the recoverable amount of a cash-generating unit or a group of cash-generating units to which goodwill is allocated involves the use of estimates by management. The outcome predicted by these estimates is influenced e.g. by the successful integration of acquired companies, volatility of capital markets, interest rate developments, foreign exchange rate fluctuations and the outlook on economic trends. Given the plans to liquidate the entity in the near future, the directors have now determined the recoverable amount as the fair value less costs of sale rather than the continued use. See note 9 for further information.

Other intangible assets — The Company amortises intangible assets with finite useful lives on a straight-line basis over their respective estimated useful lives to their estimated residual values. Estimated useful lives for software, patents, licenses and other similar rights generally range from three to five years, except for intangible assets with finite useful lives acquired in business combinations. Intangible assets acquired in business combinations primarily consist of relationships and technology. Useful lives in specific acquisitions ranged from four to twenty years for customer relationships and from five to twenty-five years for technology.

Property, plant and equipment — Property, plant and equipment, is valued at cost less accumulated depreciation and impairment losses. Depreciation expense is recognised using the straight-line method. The following useful lives are assumed:

Factory and office buildings (Right of use asset)	Lease Term
Leasehold improvements	2 to 15 years
Technical machinery & equipment	generally 10 years
Furniture & office equipment	generally 5 years

Impairment of property, plant and equipment and other intangible assets — The Company reviews property, plant and equipment and other intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition, intangible assets with indefinite useful lives as well as intangible assets not yet available for use are subject to an annual impairment test. Impairment testing of property, plant and equipment and other intangible assets involves the use of estimates in determining the assets' recoverable amount which can have a material impact on the respective values and ultimately the amount of any impairment.

The Company's property, plant and equipment and other intangible assets to be disposed of are recorded at the lower of carrying amount or fair value less costs to sell and depreciation is ceased.

Contract assets, contract liabilities, receivables – When either party to a contract with customers has performed, the Company presents a contract asset, a contract liability or a receivable depending on the relationship between Company's performance and the customer's payment. Contract assets and liabilities are presented as current since incurred in the normal operating cycle. Receivables are recognised when the right to consideration becomes unconditional. Valuation allowances for credit risks are made for contract assets and receivables in accordance with the accounting policy for financial assets measured at amortised cost.

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

Pension costs and other post-retirement benefits

Defined contribution plan — The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the Statement of Income represents the contributions payable to the scheme in respect of the accounting period and represents the full extent of the Company's liability.

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

Share–based payment — The Company participates in equity-settled share-based payment plans established by its ultimate parent undertaking, Siemens AG. In accordance with IFRS 2, the fair value of awards/share matching granted is recognised as an employee expense with a corresponding increase in the current liabilities. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the awards. The fair value of share-based awards such as stock awards and matching shares is determined as the market price of Siemens AG shares, taking into consideration, if applicable, dividends during the vesting period the grantees are not entitled to and certain non-vesting conditions. A small number of the Company's directors and senior managers are eligible for share options, stock awards and share matching under the plans.

Any expected payments to be made to the Company's ultimate parent undertaking, Siemens AG, in respect of these plans is deducted from current liabities over the vesting period, to the extent that expenses have been recorded. Any additional payments are charged directly to the Statement of Income.

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

Regular way purchases or sales of financial assets are accounted for at the trade date.

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

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

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

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

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

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

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

For the year ended September 30, 2021 and 2020 (in thousands of £)

3. Revenue

Revenue is earned from the business category of Digital Industries.

Segmental information for the Siemens AG group is presented in the consolidated financial statements of the ultimate parent company, Siemens AG.

	Year ended September 30,	
	2021	2020
Software Licenses	**73,272**	67,699
Maintenance services	**26**	127
Professional services	**298**	301
Total Revenue by business line	**73,596**	68,127

	Year ended September 30,	
	2021	2020
Europe	**73,367**	66,448
Asia	**76**	125
USA	**151**	1,320
Rest of the world	**2**	234
Total Revenue by geographical market	**73,596**	68,127

Timing of revenue recognition

The transaction price allocated to the remaining performance obligations (Unsatisfied or partially satisfied) as at 30 September 2021 are, as follows:

	Within one year
Revenue	97
	97

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

For the year ended September 30, 2021 and 2020 (in thousands of £)

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

	Year ended September 30, 2021	2020
Net foreign exchange (gains) / loss	**(691)**	438
Research and development costs	**41,712**	43,103
Depreciation of property, plant and equipment	**837**	858
Amortisation of intangible assets	**27**	81
Staff costs (see note 5)	**10,272**	10,355
Research and Development Expenditure Credit	**(120)**	(97)
Grants received	**-**	(166)
Auditor’s remuneration:		
- audit of financial statements	**32**	34

Amounts payable to Ernst & Young LLP and their associates by the Company in respect of non-audit services were £nil (2020: £nil).

5. Staff numbers and costs

	Year ended September 30, 2021	2020
Wages and salaries	**8,443**	8,517
Social security costs	**1,095**	1,134
Expenses relating to pension plans and employee benefits	**734**	704
	10,272	10,355

Expenses relating to pension plans and employee benefits include service costs for the period. Expected return on plan assets and interest costs are included in *interest income* and *interest expense* respectively.

The average number of employees (including executive directors) during the year was as follows:

	Year ended September 30, 2021 Number	2020 Number
Manufacturing and services	**15**	18
Sales and marketing	**37**	40
Research and development	**52**	54
	104	112

6. Directors’ emoluments

During the year, the directors did not receive any emoluments in respect of their services to the Company, as the directors' roles did not require any qualifying services to be performed. All of the Company's directors are remunerated by other Siemens Group Companies.

For the year ended September 30, 2021 and 2020 (in thousands of £)

7. Interest income and interest expense

Interest expense is all for financial assets or liabilities that are not at fair value through the Statement of Income.

The total amounts of interest income and expense were as follows:

	Year ended September 30,	
	2021	2020
Interest income	**2**	60
Interest expense - lease liability	**-**	(19)
Interest income, net	**2**	41
Interest expense	**(57)**	(22)
Interest expense- lease liability	**(107)**	-
Interest expense - negative expense	**-**	(24)
Interest expense, net	**(164)**	(46)

Since October 1, 2015 Siemens Group Treasury set negative interest rates for intercompany financing activities in various currencies. Negative interest means to pay interest on financial assets instead of receiving interest and respectively to receive interest on financial liabilities instead of paying interest.

Interest expense includes expense arising directly from operating activities, primarily related to, finance lease interest and interest on financial liabilities. Interest income includes interest arising primarily from interest on financial assets.

8. Taxes

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

	Year ended September 30,	
	2021	2020
Current tax:		
UK corporation tax	**4,238**	2,910
Foreign income taxes	**-**	-
Adjustments for prior years	**(149)**	97
	4,089	3,007
Deferred tax:		
Origination and reversal of temporary differences - current year	**36**	27
Origination and reversal of temporary differences - prior years	**2**	-
Deferred tax rate change adjustment	**(119)**	(44)
Tax expense	**4,008**	2,990

Of the deferred tax credit in 2021 and the deferred tax credit in 2020, £(81)k and £(17)k, respectively, relate to the origination and reversal of temporary differences.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended September 30, 2021 and 2020 (in thousands of £)

For the years ended September 30, 2021 and 2020, the Company was subject to UK corporation tax at a rate of 19%. The total tax expense or credit differs from the amounts computed by applying the statutory UK tax rate as follows:

	Year ended September 30, 2021	2020
Net income before tax	**26,115**	15,111
Tax at 19% (2020: 19%)	**4,962**	2,871
Increase / (decrease) in income taxes resulting from:		
Non-deductible losses and expenses	**39**	39
Research and development tax credit	**26**	30
Non-taxable dividend income	**(752)**	-
Under provided in prior years - deferred tax	**2**	-
(Over) / under provided in prior years - current tax	**(149)**	97
Deferred tax rate change adjustment	**(119)**	(44)
Rate change adjustment difference between Corporation Tax and Deferred Tax rate	**-**	(3)
Other	**(1)**	-
Total income tax expense for the year	**4,008**	2,990

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

The Finance Act 2021 included an increase in the corporate tax rate to 25% effective from April 2023. The deferred tax assets and liabilities shown below have been measured at the enacted rate that is expected to apply when the asset is realised or the liability is settled.

Deferred tax assets and liabilities on a gross basis are summarised as follows:

	September 30, 2021	2020
Assets:		
Property, plant and equipment	**495**	398
Pension plans and similar commitments	**2**	18
Deferred tax assets	**497**	416

The deferred tax asset in the Company is primarily composed of fixed asset timing differences. As these are realised, due to capital allowances being available in excess of depreciation in a year, this has the potential to create a tax loss. However, any such loss will be fully relievable against the profits in other UK Siemens Group entities using group relief. The Siemens practice is for use of losses to be paid for between the companies, so the Company would realise the value of the losses in this way.

When the trade and assets, including fixed assets, are transferred out of the Company in the future, any remaining fixed asset timing differences and the associated deferred tax asset would transfer across to the successor company. The tax relief would become due in the successor, as the capital allowances on fixed assets would then be due to that entity instead. The value of the deferred tax asset would therefore not be lost but would form part of the assets of the business on the sale to the successor.

As of September 30, 2021 the Company has £nil (2020: £ nil) of gross tax loss carry forwards. Management considers it probable that the future operations will generate sufficient taxable income to realise the deferred tax assets.

Deferred tax balances and expenses (benefits) developed as follows in the current and previous financial year:

	2021	2020
Deferred tax liabilities balance as at October 1	**416**	399
Income tax presented in the Statement of income	**81**	17
Deferred tax liabilities balance as at September 30	**497**	416

For the year ended September 30, 2021 and 2020 (in thousands of £)

9. Goodwill

	September 30, 2021	2020
Cost and net book value		
Balance at beginning of year	**237**	237
Balance at end of year	**237**	237

Impairment of Goodwill

The Company performs the mandatory annual impairment test in the three months ended September 30, in accordance with the accounting policy stated in note 2. Given the plans to liquidate the entity in the near future, the directors have now determined the recoverable amount as the fair value less costs of sale rather than the continued use.

The directors have assessed the recoverability of the assets in light of the plans to liquidate the company in the future and at this time expect the assets to be transferred to another group company and such believe the carrying value is recoverable at the date of approval of the accounts. Management believes that no reasonably possible change in a key assumption would cause the carrying amount of goodwill to exceed the recoverable amount.

10. Other intangible assets

	Software	Total
Cost		
At October 1, 2020	**1,513**	**1,513**
At September 30, 2021	**1,513**	**1,513**
Amortisation		
At October 1, 2020	**1,486**	**1,486**
Charge for the year	**27**	**27**
At September 30, 2021	**1,513**	**1,513**
Net book value		
At September 30, 2020	27	27
At September 30, 2021	**-**	**-**

Amortisation expense on intangible assets is included in *Cost of sales, Research and development expenses or Marketing, selling and general administrative expenses*, depending on the use of the asset.

11. Property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS
For the year ended September 30, 2021 and 2020 (in thousands of £)

	Land & buildings	Technical machinery & equipment	Furniture & office equipment	Total property, plant & equipment
Cost				
At October 1, 2020	**2,500**	**3,718**	**262**	**6,480**
Additions	**-**	**105**	**-**	**105**
Disposals	**-**	**(1,083)**	**(2)**	**(1,085)**
Transfers to /from group companies	**(269)**	**-**	**-**	**(269)**
At September 30, 2021	**2,231**	**2,740**	**260**	**5,231**
Accumulated depreciation and impairment				
At October 1, 2020	**701**	**2,859**	**208**	**3,768**
Charge for the year	**449**	**369**	**19**	**837**
Disposals	**-**	**(1,082)**	**(2)**	**(1,084)**
Transfers to/from group companies	**(256)**	**-**	**-**	**(256)**
At September 30, 2021	**894**	**2,146**	**225**	**3,265**
Net book value				
At September 30, 2020	1,799	859	54	2,712
At September 30, 2021	**1,337**	**594**	**35**	**1,966**

The directors have assessed the recoverability of the assets in light of the plans to liquidate the company in the future and at this time expect the assets to be transferred to another group company and such believe the carrying value is recoverable at the date of approval of the accounts.

For the year ended September 30, 2021 and 2020 (in thousands of £)

12. Investments

	Shares in joint ventures	Total
Cost and net book value		
At October 1, 2020	**33**	**33**
At September 30, 2021	**33**	**33**

The companies and partnerships set out below are the subsidiary undertakings as at September 30, 2021. Shareholdings are in voting equity capital of companies registered in Japan and the voting equity capital is wholly owned, except where otherwise stated.

Company:	Proportion of ordinary equity and voting rights held	Nature of business
Siemens PLM Software Computational Dynamics K.K.	50%	Software sales and support

The directors have assessed the recoverability of the assets in light of the plans to liquidate the company in the future and at this time expect the assets to be transferred to another group company and such believe the carrying value is recoverable at the date of approval of the accounts.

13. Trade and other receivables

		September 30,
	2021	2020
Trade debtors	**-**	6
Receivables from group companies	**26,882**	37,082
Prepaid expenses	**113**	230
Other receivables	**202**	202
	27,197	37,520

14. Trade payables

		September 30,
	2021	2020
Trade and other payables	**426**	477
Amounts due to group companies	**1,801**	7,541
Other current liabilities	**62**	80
	2,289	8,098

For the year ended September 30, 2021 and 2020 (in thousands of £)

15. Contract assets and liabilities

As of 30 September 2021, and 2020, amounts expected to be settled after twelve months are £nil and £nil for contract assets and £nil and £nil respectively for contract liabilities, in fiscal 2021 and 2020, contract assets presented net of allowances of £nil and £nil as of 30 September 2021 and 2020, decreased due to impairments with income statement impacts of £nil and £nil respectively. In fiscal 2021 and 2020, £nil and £nil are included in the revenue, relating to performance obligations satisfied in previous periods. In fiscal 2021 and 2020, revenue includes £1k and £3k, respectively, which was included in contract liabilities at the beginning of the fiscal year.

16. Other current liabilities

		September 30,
	2021	2020
Payroll and social security taxes	**465**	536
Bonus obligations	**277**	143
Other employee related costs	**213**	173
Other tax liabilities	**42**	32
Other accrued liabilities	**297**	264
	1,294	1,148

Other employee related costs primarily include vacation payments, accrued overtime and service anniversary awards.

17. Stock awards

Share-based payment awards may be settled in newly issued shares of capital stock of Siemens AG and Siemens Energy AG, in treasury shares or in cash. Share-based payment awards may forfeit if the employment of the beneficiary terminates prior to the expiration of the vesting period. Total pretax expense for share-based payment recognised in Siemens Industry Software Computational Dynamics Limited net income for continuing and discontinued operations amounted to £11.7k and £8.8k for the year ended September 30, 2021 and 2020 respectively, and refers primarily to equity-settled awards.

Stock awards

The Company grants stock awards to members of the Managing Board, members of the senior management and other eligible employees. Stock awards are subject to a restriction period of about four years and entitle the beneficiary to Siemens shares following the restriction period without payment of consideration.

Stock awards are tied to performance criteria. The annual target amount for stock awards can be bound to the average of earnings per share (EPS, basic) of the past three years and / or to the share price performance of Siemens relative to the share price performance of five important competitors during the four-year restriction period. The target attainment for the performance criteria ranges between 0 % and 200 %. If the target attainment of the prospective performance-based target of Siemens stock relative to five competitors exceeds 100 %, an additional cash payment results corresponding to the outperformance.

In the year ended September 30, 2021 Siemens AG granted 376 (2020: 417) stock awards to 10 UK employees (2020: 10 UK employees). Details on stock award activity and weighted average grant-date fair value are summarised in the table below:

	Year ended September 30,		**Year ended September 30,**	
	Awards	**Weighted average grant-date fair value (€)**	**Awards**	**Weighted average grant-date fair value (€)**
	2021	**2021**	2020	2020
Non-vested, beginning of period	**769**	**60.14**	397	55.49
Granted	**376**	**61.51**	417	59.75
Forfeited	**(31)**	**97.63**	(35)	23.49
Non-vested, end of period	**1,114**	**51.24**	769	60.14
Weighted average remaining years	**1.92**		2.38	

For the year ended September 30, 2021 and 2020 (in thousands of £)

Fair value was determined as the market price of Siemens shares less the present value of expected dividends expected during the four- or three-year vesting period. Total fair value of stock awards granted in 2021 and 2020 amounted to €23k and €25k respectively.

Share-matching program and its underlying plan

In fiscal year 2016, Siemens issued a new tranche under each of the plans of the Share Matching Program.

Share - matching plan

Under the Share Matching Plan senior managers may invest a specified part of their variable compensation in Siemens shares (investment shares). The shares are purchased at the market price at a predetermined date in the second quarter. Plan participants receive the right to one Siemens share without payment of consideration (matching share) for every three investment shares continuously held over a period of about three years (vesting period) provided the plan participant has been continuously employed by Siemens until the end of the vesting period.

A UK specific Share Incentive Plan has been launched in FY 2020 based on the principles of the Global Share Matching Plan. The new scheme entitles employees in the UK to invest a specified part of their annual gross salary in Siemens shares (investment shares). Matching shares are allocated together with the acquisition of investment shares. If the investment shares and the matching shares are held for another two years in addition to a three-year vesting period (five years in total), these are free of income tax and NIC when withdrawn from the plan.

Monthly Investment Plan

Under the Monthly Investment Plan employees other than senior managers may invest a specified part of their compensation in Siemens shares on a monthly basis over a period of twelve months. Shares are purchased at market price at a predetermined date once a month. If the Managing Board decides that shares acquired under the Monthly Investment Plan are transferred to the Share Matching Plan, plan participants will receive the right to matching shares under the same conditions applying to the Share Matching Plan described above. In the year ended September 30, 2021 Siemens AG granted 600.4(2020: 293) shares to 34 (2020: 32) UK employees.

Details on share matching plan activity and weighted average grant-date fair value are summarised in the table below:

	Year ended September 30,		**Year ended September 30,**	
	Awards	**Weighted average grant-date fair value (€)**	Awards	Weighted average grant-date fair value (€)
	2021	**2021**	2020	2020
Non-vested, beginning of period	**588**	**88.56**	302	82.43
Granted	**306.27**	**95.4**	293	94.86
Vested	**(297.93)**	**72.94**		
Forfeited	**(4.93)**	**83.42**	(6)	86.89
Non-vested, end of period	**591.64**	**89.62**	588	88.56
Weighted average remaining years	**0.85**		0.83	

Fair value was determined as the market price of Siemens shares less the present value of expected dividends taking into account non-vesting conditions. Total fair value of shares granted under the share matching plan in 2021 and 2020 amounted to €29k and €28k respectively.

18. Share capital

Allotted, called up and fully paid:

	September 30,	
	2021	2020
129,546 (2020: 129,546) Ordinary Shares of 10p each	**13**	13

For the year ended September 30, 2021 and 2020 (in thousands of £)

19. Post balance sheet events

On October 1, 2021, the Intellectual Property relating to STAR CCM+, STAR-CD, DARS Product and STAR design Product owned by Siemens Industry Software Computational Dynamics Limited, was sold to Siemens Industry Software NV for the consideration of £673m.

Due to this sale, the directors plan to liquidate the Company in the near future. In these circumstances, the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, unwinding the company's assets. Despite this, no material adjustments arose as a result of ceasing to apply the going concern basis at reporting date.

20. Lease liabilities

The Company has one lease for its trading office property. This lease is reflected on the balance sheet as a right-of-use-asset and a lease liability. The Company classifies it's right-of-use assets in a consistent manner to its property, plant and equipment (see Note 11).

The following tables show the discounted lease liabilities with movements during the period and a maturity analysis of the contractual undiscounted lease payments:

	September 30,	
	2021	**2020**
Balance at beginning of year	1,797	2,233
Additions	-	-
Accretion of interest	19	25
Payments	(461)	(461)
Balance at end of year	1,355	1,797
Split as:		
Current	447	442
Non-Current	908	1355

Amounts recognised in the income statement

	September 30,	
	2021	**2020**
Depreciation on right of use assets	447	447
Interest on lease liabilities	19	25

For the year ended September 30, 2021 and 2020 (in thousands of £)

21. Ultimate parent undertaking

The immediate parent undertaking is Siemens Beteiligungen Europa GmbH, a company incorporated in Germany. Siemens Beteiligungen Europa GmbH (HRB 234014) merged with Atecs Mannesmann GmbH in August 2021 which was subsequently renamed to Siemens Beteiligungen Europa GmbH (HRB 266700). The ultimate parent undertaking and controlling party is Siemens AG, incorporated in Germany. Siemens AG is the only group undertaking of which the Company is a member for which group financial statements are prepared. Copies of the group financial statements are available on the internet at http://www.siemens.com/annualreport or obtained from:

Siemens AG

1 Werner-von-Siemens-Str

Munich

Germany

22. Dividends paid

	Year ended September 30,	
	2021	2020
Dividends paid	**21,400**	120,000

The Company paid a dividend in the year to its parent undertaking £21.4m (2020: £120m) representing £165.19 (2020: £926.31) per share. £120m) representing £165.19 (2020: £926.31) per share.