SIEMENS FINANCIAL SERVICES LIMITED

Annual report and financial statements

Registered number 00646166

For the year ended September 30, 2023

SIEMENS FINANCIAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED SEPTMBER 30, 2023

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SIEMENS FINANCIAL SERVICES LIMITED

STRATEGIC REPORT

YEAR ENDED SEPTEMBER 30, 2023

The directors of Siemens Financial Services Limited ("the Company") present the annual report containing a strategic report, directors' report and the financial statements for the year ended September 30, 2023.

STRATEGIC REPORT

Principal activities

Siemens Financial Services Limited is a leading provider of business finance within the UK economy. It is engaged in the provision of leasing, instalment credit facilities and receivables financing to clearly defined markets within the business to business, healthcare and public sectors.

The Company is authorised and regulated by the Financial Conduct Authority in relation to consumer credit activities.

General business review and future developments - Statement of Income

The Company continues to deliver a solid performance despite a number of challenges this financial year. The UK has narrowly avoided a recession, however UK businesses have had to manage high inflation which was 6.7% at the year end, down from its peak of 11% in 2022, as a result the Bank of England had 6 base rate rises in the financial year. This has dampened the businesses' inclination to invest in new equipment.

The Company made a net income after taxation for the financial year, of £24.5m (2022: £27.5m). The fall in net income year on year, is partly due to the aforementioned challenges in the UK economy coupled with higher operating expenditure from up from £46.7m in FY22, to £48.6m due to heavy investment in new operating systems that went live in April 2024 of £8.2m (2022: £6.0m). These systems will provide the platform for the Company to execute on its long-term digitalisation strategy. Ongoing rising costs throughout the year have put markets under extreme pressure resulting in further interest rate rises with interest paid to group undertakings rising to £47.7m (2022: £26.6m). The Company reacted by passing on interest rate rises to customers where possible whilst remaining competitively priced in the market.

The business continued to perform with resilience and with the strength of our customers, our employees and partners, the business successfully navigated the above challenges as well as the lingering COVID-19 impact in global supply chains, Brexit, Geopolitical tensions and conflicts in Russia/Ukraine as well as the Middle-East.

The directors feel that the Company is well positioned to both meet its strategic goals, and resilient enough to withstand economic challenges as they may arise.

The Company continues to expand into new markets which are aligned to the overall company strategy to support our customers and strategic partners. This includes a dedicated Business Development team that is actively expanding our Clean Tech channel in sustainable offerings, Marine financing with our first marine transactions booked in the year and new initiatives and channels in line with our business strategy.

The directors continuously monitor all aspects of the current political and economic situation. The directors work closely with management to anticipate risks from economic or global factors and plan accordingly.

General business review and future developments - Statement of Financial Position

The Company's growth strategy remains focussed on existing channels whilst developing strategically important channels in line with Siemens' values. This has continued to be met with success with the Company supporting £181.2m (2022: £131.6m) of transactions with Siemens plc. Overall new business bookings this year were £736m (2022: £686m) driven by continued growth in the existing channels but also new areas such as Marine, Clean Tech and Professions.

Total Assets increased by 6.9% to £1,843m (2022: £1,725m) due to the higher new business bookings as noted above, but also with a slow-down in portfolio run off. The variation in the product mix in line with the growth strategy results in a change in the run-off timeline with the average term being longer for products in Marine and Clean tech compared to the existing channels. It was also apparent that some customers have struggled to purchase new assets due to the supply chain disruption, or have delayed investment decisions with increasing rates, and the Company was able to facilitate extensions to existing agreements to accommodate their commercial needs for existing assets further lower the expected portfolio run-off.

The Company continues its prudent approach to credit management. Bad debt write-offs are 51% higher than the previous year at £3.5m (2022: £2.5m) reflecting the overall economic landscape. However, as a ratio of Loans and advances this represents 0.2% (FY22:0.2%) which is below historical bad debts as a proportion of Loans and advances, despite the additional £1.1m in write offs in the current year. Total impairment allowances provided at the year-end amount to 1.34% (2022: 1.52%) of assets subject to expected credit loss (ECL

Management intends to maintain and further develop business in chosen channels with continued financing of opportunities from the wider Siemens AG Group where commercially appropriate. The business expects to broaden its served markets by capitalising on the growing technology sector and green assets as well as ensuring the diversity of the portfolio is maintained. The business will also seek to strengthen competitive advantage and continue to drive customer centric focus and standards across all channels with rigorous benchmarking and monitoring of service levels. The Company will continue its planned investment in technology going forward with a focus on the upgrading IT infrastructure, the implementation of digital processes and the roll out of digital products both internally and external facing. The Company will also continue to focus on the training and development of its employees alongside its inclusive and open culture.

In light of the recent FCA investigation into historic discretionary commission arrangements (DCA) in the motor finance sector, we have performed an assessment in line with IAS 37 - Provisions, Contingent Liabilities, and Contingent Assets.

Based on our current evaluation, no provision is recognized for motor finance. Any potential exposure is assessed to be immaterial and does not present a probable obligation that would necessitate an outflow of resources at the date of signing the financial statements.

We will continue to monitor developments in this area.

Analysis of Financial Key Performance Indicators

Siemens Financial Services Limited measures its performance on a number of key performance indicators, including revenue, profit from operations and net cash from operations. These are disclosed as:

	2023	2022
Key Performance Indicators – Company		
Revenue	**194,893**	208,542
Profit from operations	**31,479**	34,185
Net cash from operations	**(75,849)**	(90,665)

The Company remains strongly capitalised with gearing of 82% (2022: 81%). In addition, new orders received Finance leases of £510.7m (2022: £488.2m), Operating leases of £39.5m (2022: £23.2m) and Loans of £186.3m (2022: £174m) are considered key performance indicators.

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. Pricing includes the continued increases in the cost of funds due to market forces which is applying pressure on margin. This is compounded with entrants in the sectors in which the Company operate from both established financial institutions and investment vehicles viewing these markets as providing attractive returns, changes in the regulatory and legal environment, and credit and market risks.

The Company has a diversified range of customers and revenue streams across a broad spectrum of industry types and business sectors and provides products and services that support central and local government public services including public transportation and healthcare. Whilst there are pipeline pressures, the diversity of the range of customers and revenue streams mitigates long-term concerns as we are able to shift focus to stronger markets whilst maintaining presence and stability in core markets. In addition, the overall pipeline is strong with the Company offering a significant value proposition for customers. Therefore, we do not believe there to be material additional risks to the Company due to interest rate rises or on going macro-economic and political pressures.

Based on the Company's forecasts, the directors consider that the Company will continue to trade profitably and generate positive cash flows from operations over the next 12 months.

Section 172(1) Statement for Financial Year Ended 30 September 2023

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.

The Company is a member of the Siemens AG group of companies ("Group") and organisationally sits within the division of Siemens Financial Services. As such strategic decisions of the wider Group have a major influence on the decisions of the Company. The purpose of Siemens is to serve society, create value for all stakeholders and make real what matters. The Company's core purpose is centred around the ethos of "We Finance What Matters".

The board of directors of the Company ("Board") is responsible for developing and promoting the Group's purpose as it applies to commercial finance activities in the UK and ensuring that the following values, strategy, and culture align with that purpose: -

Values – to act responsibly, excellent, and innovative.

Strategy – the Group's four strategic priorities are: customer impact (putting customer impact at the very centre of Siemens); empowered people (driving progress through empowerment); technology with purpose (innovative technology will remain at the core of the future we are building) and growth mindset (continuing to learn and grow through curiosity, resilience, and a willingness to adapt).

Ownership Culture – comprises of five elements: values; behaviours; leadership; people orientation and equity with a guiding principle of 'Always act as if it were your own company'. These elements and the power of our ownership culture are a unifying force within Siemens. The Group strives to further improve in the important aspects of leadership, openness, diversity, and innovation.

Board membership is comprised of the Chair who is CEO for the global Commercial Finance business unit, Chief Executive Officer and Chief Financial Officer. The day-to-day management of the Company is undertaken by a Leadership Team ("LT") comprising the CEO, CFO, local Chief Risk Officer, Head of Sales together with the Company's designated Siemens PLC HR business partner.

The Siemens Business Conduct Guidelines provide the ethical and legal framework within which Siemens wants to conduct its activities and remain on course for success. They contain the basic principles and rules for conduct within the Company and in relation to its external partners and the public. They are structured into four chapters, a 4th being added during the year: Our motivation and ethical principles; Our behavioural principles; Our responsibility; Our reporting procedures.

The Board recognises that understanding the perspectives of the Company's stakeholders and building good relationships enables their views to be considered in discussions and decision making of the Board, and in the day-to-day management of the business by the LT and operational management. Further information and examples of how the Company engages with its key stakeholders is provided below:

Employees *Striving to be an employer of choice, Siemens 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 Siemens company Siemens Financial Services succeeds through its people. Fostering the health and performance of employees as well as safeguarding their working conditions are core to our social and business commitment. All our employees including interns, apprentices and graduates are supported in growing and developing in their roles by the availability of comprehensive training programmes to equip them for both current and future roles. In addition to technical training, much development is employee-led under the 'Own Your Career' and 'My Learning World' initiatives through which employees help drive their and the Company's future. In addition, the Company requires 50+ hours of learning to be completed by employees through engaging with these platforms and other 3rd party means of learning. The views of our employees are critical in helping us continually improve ourselves as an organisation, and regular employee engagement surveys enable us to both further understand our employees' perspective and generate ideas which can benefit everyone. Employees can also make their views known through employee representative bodies, whether at a local site level or business wide. These bodies provide a mechanism for ongoing dialogue between Company management and the employees' representatives on all aspects of the Company's operation. Furthermore, a confidential whistle-blowing hotline called 'Tell Us' enables employees to raise concerns about any aspect of Company practices or behaviour. The Siemens Financial Services Ltd 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. In FY23, the Company participated in the Siemens AG Gender Equity Program and developed its own actions to enable it to achieve the commitments around equitable promotion and also recruitment of more women into technical roles. The Siemens Financial Services People and Organisation team cascade this to Company's employees Diversity, Equity and Inclusion initiatives have focused on inclusive culture, LGBT+ inclusion, racial and gender equality and equal opportunities for people with disabilities. The Company has sought to influence these topics externally	• The Company commits to supporting the wellbeing of all employees. It works closely with its Occupational Health and Employee Assistance Programme suppliers, together with external partners to ensure that employees feel equipped to cope with the stresses and strains of life. Across the Company, employees have access to services and resources to support their mental and physical wellbeing, such as counselling, workplace assessments, physiotherapy helpline, wellbeing training courses, menopause & neurodiversity awareness and nutrition & physical activity advice. These resources, together with Mental Health First Aiders and Wellbeing Champions, are part of a strategic approach to employee wellbeing, which aims to equip our managers and employees to care for their mental and physical health. • The Company has always been committed to flexibility in the workplace and has brought together a number of initiatives in line with Siemens AG to promote mobile/hybrid working which is built on the aim for employees to work on a mobile basis 2/3 days a week if practical and feasible to do so. • The Board recognises that further work needs to be done to ensure diversity, equity and inclusion is truly embedded in everything the Company does and several initiatives, policies and programmes are underway to achieve this. The Board has appointed a dedicated full-time resource to lead on diversity and inclusion. • In addition, the Company has signed up to the Change the Race Ratio which focusses specifically on achieving ethnic and racial diversity in leadership teams and on the Board. As part of this commitment, Siemens has introduced reverse mentoring between Black, Asian and Minority Ethnic colleagues and leaders, as well as an accelerator development programme for talented employees with potential from racial minority backgrounds. There is a plan to publish an Ethnicity Pay Gap report within the next year. • The Company is a Disability Confident Employer which focusses attention on providing equal opportunities for disabled talent and ensures our existing employees have all the necessary adjustments in place to support their work, as well as ensuring that Siemens benefits from the talents which disabled employees bring. • We regularly invite external participants (customers, suppliers) to our events such as during Black History Month, International Day for People with Disabilities and International Women's Day and we join Siemens AG campaigns. The BEAUT group formed at the Company

<table>
<tr><td>through collaboration with other Siemens businesses with workshops, hosting webinars and on social media.

The Company has signed up to the Race at Work Charter, an initiative, developed in partnership with Business in the Community (BiTC) and the UK Government, designed to improve outcomes for Black, Asian and Minority Ethnic employees in the UK. The Race at Work Charter embodies the same common values Siemens shares on diversity, inclusion and respect for all its staff members. In these changing times it is apt for responsible organisations to make their commitments more pronounced and public on important issues such as racial equality.</td><td>supports the Black Ethnicity and Allies United Together communities, and this year saw the launch of the South Asian Heritage Network.</td></tr>
<tr><td colspan="2">Customers, Suppliers and Business Partners
Business relationships with the Company’s customers, suppliers, and other business partners are fundamental to Siemens.</td></tr>
<tr><td>Engagement</td><td>Key topics, decisions and outcomes influenced by this stakeholder group</td></tr>
<tr><td>The Company continues to support over 55,000 UK business by developing finance options to support them achieving their goals.

Customers are always at the centre of our decision making with regard to technology, innovation and how to best consult and support them. Our main goal is to establish and maintain ourselves as the partner of choice for our customers by fostering close and trusted partnerships.

Performance and satisfactions are measured through Net Promotor Score Surveys where we collect and understand the voice of the customer with performance metrics subject to comprehensive management reporting. Key decisions, new processes, and products all factor in customer interests and impact. Development of digitalisation continues as we work to improve speed and efficiency of service and deliver scalability which includes collaborative engagement with intermediaries on API initiatives.

To further support a customer centric mindset and raise focus on our customers we actively support a global ‘Customer First’ initiative on an annual basis.</td><td>• We continue to work closely with both end user finance customers and the intermediary supplier/commercial broker introducers being responsive to specific circumstances. We continue to help customers suffering financial distress and economic and political turmoil. Business continuity and operational plans are reviewed regularly with a view to maintaining operations.
• The Company maintains an approval and review process for all introducers. For onboarding new introducers an assessment process is completed by Sales and Risk teams. Annual reviews are completed on a risk based criteria, in line with the SFS Risk Management Framework.
• Siemens has continued to keep its customers and suppliers informed of its ongoing supply chain resilience planning. Actions have included resource planning, reviewing, and where necessary, adjusting our systems and processes and working with our supply chain in order to minimise disruption to our operations.
• Our Leadership team contribute sharing best practise and challenging the status quo across our industry our wider Siemens business units and have shared with the FLA and Leasing Foundation on the topics of Diversity and Inclusion and Mental Health and sharing perspectives.
• There is company representation on various FLA committees and working groups by LT and operational management.
• Through embedding of the FCA Senior Manager and Certification regime there has been strong focus on alignment of Siemens Business conduct guidelines with core regulatory requirements around conduct of all employees.</td></tr>
<tr><td colspan="2">Communities and Environment
Siemens serves society wherever it operates and as a globally active company with innovative and investment capabilities Sieme shares responsibility for sustainable development worldwide.</td></tr>
<tr><td>Engagement</td><td>Key topics, decisions and outcomes influenced by this stakeholder group</td></tr>
<tr><td>Siemens supports charitable endeavours of its employees and customers.</td><td>• Every employee is offered two paid volunteering days every year to participate in community initiatives.</td></tr>
</table>

<table>
<tr><td>Siemens supports charitable endeavours of its employees and customers.

Our Global Employee Survey collects the voices of our employees, identifying areas of focus that are important to our people.

We are socially accountable through our Corporate Social Responsibility (CSR) policy and initiatives. We have a local CSR agent engaging with Siemens business for best practice sharing and alignment.

Siemens holds memberships with various sustainability member bodies including ICER, IEMA and the Aldersgate Group and regularly participates in forums to promote the business case for sustainability initiatives.</td><td>• Through our Global Employee Survey, we initiated a charity community who have been fundraising for our local chosen charity – a children's hospice. Siemens offer a fund matching scheme to encourage charitable community support.
• At a local level we have a real passion for the topic of Sustainability with a grass roots Sustainability group made up of self-nominated individuals who drive activity within our local community. This group is sponsored by a member of our leadership team.
• The Business Development Team continues to work to expanded the Green business channel to significantly grow the portfolio of assets supporting green and clean initiatives.
• Our vision – 'We Finance what matters' is supported by our strategic drivers, with our goal to be recognised as an ethical and sustainable business.
• Our internet site now includes a Sustainability area to demonstrate the impact and output being driven by our employees so that our customers, suppliers, and business partners have visibility.
• We support Siemens carbon neutral project as a stakeholder and contributor.</td></tr>
<tr><td>Engagement</td><td>Key topics, decisions and outcomes influenced by this stakeholder group</td></tr>
<tr><td>Members of the local LT are part of the wider Siemens Senior Leadership Team, and draws from the collaboration on this team to apply the key topics mentioned to the local business. Siemens is politically neutral, but we operate in markets which are shaped by UK Government policy, either directly or indirectly. Siemens is a provider of solutions to some of the most pressing issues facing the planet, such as digitisation, climate change and urbanisation. As a result, Siemens are regularly consulted on economic and policy issues by governments, business associations and civil society</td><td>• The Company's leadership team continue to be members of the Finance & Leasing Association.</td></tr>
<tr><td colspan="2">Siemens AG Group Companies
The Siemens Group is setting the course for long-term value creation through accelerated growth and stronger profitability with simplified and leaner company structure.</td></tr>
<tr><td>Engagement</td><td>Key topics, decisions and outcomes influenced by this stakeholder group</td></tr>
<tr><td>Siemens AG is committed to the Science Based Targets Initiative to reach Net Zero in line with the 1.5-degree pathway. Siemens has also signed up to EP100, EV100 and RE100 commitments by the Climate Group on a global level which will also be implemented in the UK. Siemens publishes its annual carbon report on its website for customers and suppliers to access.</td><td>• The Siemens Plc Board and SLT participate in Siemens forums and conferences at a global and UK level. Employees are also 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.</td></tr>
</table>

Signed by order of the board of directors.

Electronically signed by: Martin J Skitt
Date: Jun 28, 2024 18:49 GMT+1

M. J. Skitt

Director

Approved by the directors on 28 June 2024.

Registered office:

Sefton Park
Bells Hill
Stoke Poges
Buckinghamshire
SL2 4JS

DIRECTORS' REPORT

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

M. Grossmann

M. J. Skitt

J. M. Hobbs

None of the directors holding office at September 30, 2023 had notified a beneficial interest in any contract to which the Company was a party to 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.

The Director's Report does not include a strategic review of the business as this is detailed in the Strategic Report as required under s414c (11) of the Companies Act 2006.

DIVIDENDS

The directors recommended and paid a dividend of £20m representing £0.39 per share, for the year ended September 30, 2023 (2022: £35m).

FINANCIAL INSTRUMENTS

Siemens Financial Services Limited's financial risk management objectives and policies, including the exposure to market risk, credit risk, currency risk and liquidity risk are set out in note 3 to the financial statements.

SUBSEQUENT EVENTS

None noted.

GOING CONCERN

The cost of funds rose sharply in 2022 - 2023 with some delays in costs being passed on to customers. The uncertainty in the market, compounded with the looming General Election, will apply pressure on the Company from the competitive landscape, and the wider economic situation is being monitored closely by the business.

The Company has net current liabilities principally due to intercompany funding from Siemens treasury entities being repayable on demand. The Company has received a letter from the Siemens treasury creditors, confirming that they will not require repayment of those funding arrangements should this result in the company ceasing to be a going concern for a period of 15 months from the date of approval of the annual report and financial statements.

In consideration of the above, as well as the performance of the business, it is the view of the Directors that for the foreseeable future, our business will remain resilient and continue to mitigate risks should they arise. The directors have a reasonable expectation that the Company has adequate resources to remain a going concern for a period of twelve months from the date of the approval of the financial statements, and therefore, the going concern basis of preparation remains appropriate.

GROUP POLICIES

Employee participation

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 customers, suppliers, and other business partners are fundamental to Siemens. Siemens maintains business relationships only with reputable partners who comply with the law. Siemens 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 Siemens Code of Conduct is based on the UN Global Compact and the principles of the International Labour Organisation, and it reflects the Siemens Business Conduct Guidelines.

POLITICAL DONATIONS

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

DISCLOSURE OF INFORMATION TO THE AUDITOR

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

AUDITOR

In accordance with mandatory auditor rotation at parent company Siemens AG, it is expected that the Company will appoint PricewaterhouseCoopers LLP as auditor, effective for the financial year ending 30 September 2024.

Signed by order of the board of directors.

Electronically signed by: Martin J Skitt
Date: Jun 28, 2024 18:49 GMT+1

M. J. Skitt
Director

Approved by the directors on 28 June 2024.

Registered office:
Sefton Park
Bells Hill
Stoke Poges
Buckinghamshire
SL2 4JS

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

YEAR ENDED SEPTEMBER 30, 2023

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

Company Law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Accounting Standards and applicable law) "UK GAAP". The financial statements are required by law to 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. The directors have elected to prepare the financial statements in accordance with UK GAAP. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK GAAP have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIEMENS FINANCIAL SERVICES LIMITED

Opinion

We have audited the financial statements of Siemens Financial Services Limited for the year ended 30 September 2023 which comprise Statement of Income, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and the related notes 1 to 25, 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 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements were 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 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 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 financial reporting framework (United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" and the UK Companies Act 2006), the relevant direct and indirect tax compliance regulation in the United Kingdom, and the supervisory requirements of the Financial Conduct Authority (FCA).

- We understood how Siemens Financial Services Limited is complying with those frameworks by making inquiries of management and those charged with governance. We also reviewed correspondence which the company had entered into with the FCA and tax authority; reviewed minutes of the meetings of the Board of Directors; and gained an understanding of the company's governance and entity-level controls framework.

- 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 of controls and by focusing our fraud risk assessment on other operating income, valuation of unguaranteed residual values and the appropriateness of any adjustments applied to the expected credit losses model. We also considered the risk of third-party fraud on the company in relation to the risk of fictitious leases being created by an introducer. We considered the controls that the company has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. Our audit procedures to address the risks identified also included the incorporation of unpredictability into the nature, timing and/or extent of testing, challenging assumptions and judgments made by management in making significant accounting estimates, circularising third-party confirmations, performing journal entry testing and involving specialists in the audit.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included inquiring of those charged with governance and senior management as to their awareness of any non-compliance with laws or regulation, inquiring about the policies that have been established to prevent non-compliance with laws and regulations, inquiring about the company's methods of enforcing and monitoring compliance with such policies, reviewing the complaints register, and inspecting correspondence with the FCA.

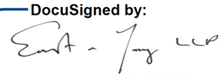
- The company operates in the leasing industry and is authorised and regulated for certain activities, by the FCA. As such, the Senior Statutory Auditor reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

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.

DocuSigned by:



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Gary Adams (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
28 June 2024

STATEMENT OF INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

	Note	**2023**	2022
Interest income recognised under effective interest rate method	4	**99,328**	80,367
Other Revenue	4	**95,565**	128,175
Cost of sales	5	**(129,172)**	(139,537)
Gross profit		**65,721**	69,005
Other operating expenses	6	**(48,593)**	(46,709)
of which decrease/(increase) in movement in expected credit loss	6	**2,573**	(1,328)
Other operating income	9	**13,716**	11,889
Operating profit		**30,844**	34,185
Interest income from pension plans and similar commitments, net	10	**36**	73
Interest expenses from lease liabilities	10	**(32)**	(25)
Income before tax		**30,848**	34,233
Income tax expenses	11	**(6,356)**	(6,752)
Net income for the financial year		**24,492**	27,481

The notes on pages 19 to 54 form an integral part of these financial statements. All amounts relate to continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

	Note	2023	2022
Net income for the financial year		**24,492**	27,481
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plan losses	19	**(2,624)**	(3,620)
Deferred tax credit on remeasurement losses	11	**656**	905
Total items that will not be reclassified to profit or loss		**(1,968)**	(2,715)
Other comprehensive expense, net of income taxes		**(1,968)**	(2,715)
Total comprehensive income		**22,524**	24,766
Attributable to: Owners of the Company		**22,524**	24,766

The notes on pages 19 to 54 form an integral part of these financial statements. All amounts relate to continuing operations.

STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023 (in thousands of £)

	Note	2023	2022
ASSETS			
Cash and cash equivalents		**522**	611
Trade and other receivables	12	**19,733**	37,976
Inventory	23	**2,746**	6,966
Loans and advances to customers	13	**1,632,898**	1,467,468
Property, plant and equipment	15	**172,204**	198,741
Post employment benefits	19	**-**	713
Deferred tax assets	11	**15,239**	12,133
Total assets		**1,843,342**	1,724,608
LIABILITIES AND EQUITY			
Trade and other payables	16	**1,600,020**	1,477,969
Post employment benefits	19	**1,874**	-
Current provisions	18	**-**	311
Current income tax liabilities	11	**742**	10,530
Other current liabilities	17	**20,199**	17,815
Total liabilities		**1,622,835**	1,506,625
Equity			
Share capital	20	**51,945**	51,945
Retained earnings		**168,562**	166,038
Total equity		**220,507**	217,983
Total liabilities and equity		**1,843,342**	1,724,608

The notes on pages 19 to 54 form an integral part of these financial statements. All amounts relate to continuing operations.

These financial statements were approved and authorised for issue by the board of directors on 28 June 2024 and were signed on their behalf by:

Electronically signed by: Martin J Skitt
Date: Jun 28, 2024 18:49 GMT+1

....

M. J. Skitt
Director
Date 28th June 2024

Registered number: 00646166
Siemens Financial Services Limited

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

	Note	Share capital	Retained earnings	Total equity
Brought forward October 1, 2021		51,945	176,272	228,217
Net income for the financial year		-	27,481	27,481
Other comprehensive income, net of income taxes		-	(2,715)	(2,715)
Total comprehensive income for the financial year		-	24,766	24,766
Dividends to equity holders		-	(35,000)	(35,000)
Balance at September 30, 2022		51,945	166,038	217,983
Balance as of October 1, 2022		**51,945**	**166,038**	**217,983**
Net income for the financial year		**-**	**24,492**	**24,492**
Other comprehensive income, net of income taxes		**-**	**(1,968)**	**(1,968)**
Total comprehensive income for the financial year		**-**	**22,524**	**22,524**
Dividends to equity holders		**-**	**(20,000)**	**(20,000)**
Balance at September 30, 2023		**51,945**	**168,562**	**220,507**

The notes on pages 19 to 54 form an integral part of these financial statements. All amounts relate to continuing operations.

1. Basis of presentation

The accompanying financial statements present the operations of the Company and have been prepared and approved by the directors in accordance with Financial Reporting Standard 101 ("FRS 101"), 'Reduced Disclosure Framework' and applied in accordance with the Companies Act 2006. The financial statements are generally prepared on the historical cost basis, except as stated in note 2.

The Company is a qualifying entity for the purposes of FRS 101.

The following disclosure exemptions under FRS101 have been considered and applied where deemed to be applicable:

- IAS 7 cash flow statements and related notes;
- IAS 8 the listing of or revised standards that have not been adopted (and information of their likely impact) may be omitted;
- IAS 24 related party disclosure for intra-group transactions and disclosure of key management compensation;
- IAS 1 the requirement to present comparatives in roll-forward reconciliations for movements on share capital, property plant and equipment and intangible assets.
- IFRS 16 requirements for a qualitative and quantitative explanation of the significant changes in the carrying amount of the net investment in finance leases.

The Company is a member of the Finance and Leasing Association.

Siemens Financial Services Limited has prepared and reported its financial statements in Great British Pounds (GBP or £) and the financial information is disclosed in thousands of £, except where stated otherwise. 'k' denotes thousands of £, 'm' denotes millions of £ and 'bn' denotes billions of £. Siemens Financial Services Limited is a United Kingdom based company incorporated in England and Wales and is engaged in leasing, instalment credit facilities and receivables financing to clearly defined markets in the UK within the business to business, healthcare and public sectors.

In these financial statements, the term 'Group' refers to all companies for whom the ultimate parent undertaking is Siemens AG. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company has net current liabilities principally due to intercompany funding from Siemens treasury entities being repayable on demand. The Company has received a letter from the Siemens treasury creditors, confirming that they will not require repayment of those funding arrangements should this result in the company ceasing to be a going concern for a period of 15 months from the date of approval of the annual report and financial statements.

In consideration of the above, as well as the performance of the business, it is the view of the Directors that for the foreseeable future, our business will remain resilient and continue to mitigate risks should they arise. The directors have a reasonable expectation that the Company has adequate resources to remain a going concern for a period of twelve months from the date of the approval of the financial statements, and therefore, the going concern basis of preparation remains appropriate.

2. Summary of significant accounting policies and critical accounting estimates

Revenue recognition — The company recognises revenue from contracts with customers when the customer, is able to direct the use of a transferred service 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 the company's customer's creditworthiness. Revenue is the transaction price Siemens expects to be entitled to. Revenue is recognized for each performance obligation either at a point in time or over time. Business originated from introducers follows the same principles of recognition, with a Commission payable as explained below.

Income from lease arrangements: Operating lease income for equipment rentals is recognised on a straight-line basis over the lease term. An arrangement that is not in the legal form of a lease is accounted for as a lease if it is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Receivables from finance leases, in which Siemens as the lessor transfers substantially all the risks and rewards incidental to ownership to the customer are recognised at an amount equal to the net investment in the lease. Finance income is subsequently recognised based on a pattern reflecting a constant periodic rate of return on the net investment using the effective interest rate method. Profit from sale and leaseback transactions is recognised immediately if significant risks and rewards of ownership have passed to the buyer, the leaseback results in an operating lease and the transaction is established at fair value.

The business originated from Introducers follows the same revenue recognition criteria

Lease incentives and initial costs are amortised against the lease margin over the lease term. Receipts that were not fixed at lease inception are booked as income when earned. Surrender premiums received in the period are included in rental income.

Dividends: Dividends are recognised when the right to receive payment is established.

Interest Income is recognised using the effective interest rate method.

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.

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 estimated useful lives are assumed:

Furniture & office equipment	5 to 10 years
Equipment leased to others	generally 3 to 15 years

Residual values — Residual value exposure occurs due to the uncertain nature of the value of an asset at the end of an agreement. Throughout the life of an asset its residual value will fluctuate because of the uncertainty of the future market for that asset as well as general economic conditions. Residual values are set at the commencement of the lease based upon management's expectation of future sale proceeds. During the course of the lease, residual values are monitored so as to identify any changes. The monitoring takes account of the company's past history for residual values and projections of the likely future market for each group of assets. Any variance in the residual value is recognised by the Company and charged or credited to the statement of income over the remaining lives of the operating leases of the assets concerned.

Assets subject to operating leases — Depreciation on assets subject to operating leases is provided to write off the cost of the assets less the estimated residual value on a straight-line basis over the term of the lease.

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.

Inventories — inventories relate to assets that have reached the end of their contractual term with customers and are due to be remarketed. Inventories are valued at the lower of acquisition or production costs and net realisable value, costs associated with the sale of assets are passed on to the buyer and recorded in the net proceeds.

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 taxpayers and local tax authorities. 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. 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. If management considers it probable that all or a portion of a deferred tax asset cannot be realized, a corresponding valuation allowance is taken into account.

The Company applies IAS 12, Income Taxes. Under the liability method of IAS 12, 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. The effect on deferred tax assets and liabilities of a change in tax laws is recognised in the statement of income, unless related to items directly recognised in equity, in the period the new laws are enacted or substantively enacted. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

In May 2023, the Board issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two incomes taxes. The amendments clarify that IAS12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organisation for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top up taxes. The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. This temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon issue of the amendments. The Company is not expecting any material impact by the amendment on transition.

Provisions — A provision is recognised in the Statement of Financial Position when it is probable that the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are recognised at present value by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When a contract becomes onerous, the present obligation under the contract is recognised as a provision.

Legal provisions are recognised when the entity has a present obligation as a result of a past event, with a probable outflow of economic benefit being expected to settle the obligation, and a reliable estimate can be made.

For further explanation of the movement in provisions in the year see note 19.

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. Based on their contractual cash flow characteristics and the business model they are held in, financial instruments are classified as financial assets and financial liabilities measured at cost or amortised cost and financial assets and financial liabilities measured at fair value and as receivables from finance leases. For additional information refer to note 3.

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.

The Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a business objective. Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The Company has concluded that all its financial assets are held within this business model.

For financial assets held within such a business model, the nature of their contractual cash flows must also be considered during classification – this is the so-called SPPI (solely payments of principal and interest) criterion. Contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are consistent with a basic lending agreement. The Company has concluded that all financial assets within the business model hold-to-collect satisfy the SPPI criterion.

Financial assets measured at amortised cost – Loans, receivables and other debt instruments held in a hold-to-collect business model with contractual cash flows that represent solely payments of principal and interest are measured at amortised cost using the effective interest method less valuation allowances for expected credit losses.

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. The movement on the valuation allowance is given in note 3. Valuation allowances are not recognised when the gross carrying amount is sufficiently collateralised. Probabilities of default are mainly derived from rating grades. A simplified approach is used to assess expected credit losses from trade receivables and lease receivables by applying their lifetime expected credit losses. The valuation allowance for loans and other long-term debt instruments are measured according to a three-stage impairment approach:

Stage 1: At inception, 12-month expected credit losses are recognised based on a twelve-month 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. A rating deterioration does not trigger a transfer into Stage 2, if the credit rating remains within the investment grade range. Financial Instruments that have 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.

Derivative financial instruments are measured at fair value through profit or loss. The Company does not apply hedge accounting.

A financial asset is derecognised when the rights to cash flows expire, or the financial asset is transferred to another party. Significant modifications of contractual terms of a financial asset measured at amortized cost result in derecognition and recognition of a new financial asset.

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

Loans, receivables and other debt instruments held in a hold-to-collect business model with contractual cash flows that represent solely payments of principal and interest are measured at amortised cost.

Cash and cash equivalents — The Company considers all highly liquid investments with less than three months maturity from the date of acquisition to be cash equivalents. Cash and cash equivalents are measured at cost. The Company is part of a cash pooling arrangement across the worldwide Siemens Group. Balances within this facility are classified as *Receivables from Group companies* and *Amounts due to Group companies.* Cash in transit relates to timing differences between invoices being received and payments being made. In accordance with new accounting guidance on payments from suppliers, where payments from suppliers are deemed to represent consideration for goods or services provided by the entity, recognition is made in accordance with the applicable revenue recognition criteria under IFRS15 Revenue from Contracts with Customers, considering factors such as the transfer of control, determination of transaction price, and satisfaction of performance obligations. Any significant judgments or changes in the accounting treatment related to payments from suppliers, resulting from the adoption of new accounting guidance, are considered in the financial statements and significant judgments of changes in treatment related to payments from suppliers will be duly noted where applied.

Leases

Leases in which the Company is the lessee:

The Company considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets four key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- The Company has the right to direct the use of the identified asset throughout the period of use; and
- The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

Initial recognition

At the commencement date the company recognises a right-of-use asset and a lease liability

At the commencement date the company measures a right-of-use asset at cost. The cost of the right of use asset includes-

- the initial measurement of the lease liability measured at the present value of the lease payments payable over the lease term, discounted at the implicit rate in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee will use their incremental borrowing rate;
- the lease payments made before or after commencement, less the lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of the costs incurred by the lessee upon disassembling and eliminating the underlying asset, restoring the place where it was located or restoring the underlying asset to the condition required by the terms of the lease.

Subsequent measurement of the right-of-use asset

After the commencement date, the Company measures its right-of-use asset using a cost model and depreciation is recognised on a straight-line basis over the lease period. Adjustments are made to the carrying value of the right-of-use asset where the lease liability is re-measured, as stated in the below. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in Impairment of property, plant and equipment and other intangible assets.

Subsequent measurement of the lease liability

After the commencement date, the Company measures a lease liability:

- increasing the carrying amount to reflect the interest on the lease liability.
- reducing the carrying amount to reflect the lease payments made; and
- measuring the carrying amount again to reflect the new measurements or changes in the lease and to reflect the in-substance fixed lease payments that have been reviewed.

Leases in which the Company is the lessor:

The Company leases vehicles, medical equipment, reprographic and IT, machinery, and construction equipment. Rental contracts are typically made for fixed periods and lease terms are negotiated on an individual basis.

Leases are classified as either finance or operating leases, determined based on whether substantially all the risks and rewards incidental to ownership of an underlying asset are transferred. If this is the case, the lease is classified as a finance lease; if not, it is an operating lease. Receivables from finance leases are recognized at an amount equal to the net investment in the lease. The assets underlying the operating leases are presented in Property, plant and equipment and depreciated on a straight-line basis over their contractual term, to their useful lives or to their estimated residual value. Operating lease income is recognised on a straight-line basis over the lease term.

Restructures of leases as a lessor:

A lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, such as adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term. The exercise or non-exercise of an option already existing in the original contract is by contrast not a lease modification.

Accounting for lease modifications:

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, based on the revised terms and conditions as of the date of modification. Prepaid or accrued lease payments relating to the original lease are treated as part of the minimum lease payments for the new lease.

If a restructure of a finance lease is classified as a lease modification constituting a separate lease, the separate lease is classified as either an operating or a finance lease at the date of the lease modification and accounted for separately from the original lease. If the conditions for accounting for a separate lease are not met, the lease classification as at the inception date should be reviewed, based on the revised terms but using the original assumptions.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

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.

Defined benefit plans — The Company measures the entitlements by applying the projected unit credit method. The approach reflects an actuarially calculated net present value of the future benefit entitlement for services already rendered. In determining the net present value of the future benefit entitlement for service already rendered (Defined Benefit Obligation (DBO)), the expected rates of future salary increase and expected rates of future pension progression are considered. The assumptions used for the calculation of the DBO as of the period-end of the preceding financial year are used to determine the calculation of service cost and interest income and expense of the following year. The net interest income or expense for the financial year will be based on the discount rate for the respective year multiplied by the net defined liability (asset) at the preceding financial year's period-end date.

Service cost and past service cost for post-employment benefits and administration costs unrelated to the management of the plan assets are allocated among functional costs. Past service costs and settlement gains and losses are recognised immediately in the Statement of Income. For unfunded plans, the amount of the line-item post-employment benefits equals the DBO. For funded plans, the Company offsets the fair value of the plan assets with the DBO. The Company recognises the net amount, after adjustments for effects relating to any asset ceiling.

Remeasurements comprise of actuarial gains and losses, as well as the difference between the return of plan assets and the amounts included in net interest on the net defined benefits liability or asset. They are recognised by the Company in the Statement of Comprehensive Income, net of income taxes.

Actuarial valuations rely on key assumptions including discount rates, expected compensation increases, rates of pension progression and mortality rates. Discount rates used are determined by reference to yields on high-quality corporate bonds of appropriate duration and currency at the end of the reporting period. In case such yields are not available discount rates are based on government bonds yields. Due to changing market, economic and social conditions the underlying key assumptions may differ from actual developments. For a discussion of the current funded status see note 19.

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

Guarantees — In the ordinary course of business, the Company provides financial guarantees, consisting of letters of credit, guarantees and facility commitments. Financial guarantees are initially recognised in the financial statements (within 'trade and other payables') at fair value, being the premium received. Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of the amount initially recognised less, when appropriate, cumulative amortisation recognised in the Statement of Income or recoverable value. The premium received is recognised in the Statement of Income in 'revenue' on a straight-line basis over the life of the guarantee. Financial guarantees are subject to ECL, as disclosed in note 17.

Inventories – Inventories are assets held for sale in the ordinary course of business. On recognition, inventories must be capitalized when the following three criteria are met jointly: transfer of risks and rewards of economic ownership, ability to measure costs reliably, and generation of probable future economic benefits. Assets are derecognized from the inventory when the significant risks and rewards of ownership are transferred to third parties, the carrying amount on derecognition is recognised as an expense through Cost of sale of leased assets sold. Inventories are stated at the lower of costs and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion necessary to sell the assets. Inventories are reviewed monthly by the asset management function, and impaired at each reporting date so any write downs to the net realisable value are recognised as an expense in the period.

Commissions — Commissions are incurred on new business written through our Introducer network and are payable in respect of operating leases, loans and finance leases and other initial direct costs that are deemed to be part of the cost of new business assets are capitalised and amortised against the operating leases, loans and finance lease margin over the lease term. Other commission is charged as incurred.

Foreign currency transactions — Transactions that are denominated in a currency other than the functional currency of an 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 re-valued 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.

Financial Implications of Climate Change

As the demand for sustainable solutions grows, the Company is committed to where possible, finance clean solutions for its customers. A centrally developed scheme is underway during the year which seeks to classify assets to allow more focus on realising financing solutions which are more sustainable.

With the emergence of ESG and how businesses adopt this within the UK, the Company actively monitors the changes in government legislation as we move towards a greener environment, with a greater focus towards the infrastructure and technology needed to achieve this. Focusing on current and future market values, as well as external factors such as government legislation, technology advancements and economic trends, we undertake a thorough and detailed assessment of our residual value portfolio on an annual basis to ensure these factors are reflected in the Residual Value positions. Depending upon the level of risk from any one or a combination of these factors, this may result in a potential impairment on certain assets where appropriate.

The Company commits to embedding ESG criteria in its risk and asset management processes, with the ambition to contribute to a 'circular economy' – reusing or repurposing assets at the end of their initial Useful Economic Life (UEL).

Sustainability criteria are integrated in the risk assessment and decision-making processes. Sustainability criteria are reflected when assessing a customer's business model and long-term financial prospects as part of the credit risk analysis. In October 2023 the Company began to include a sustainability factor (on the asset or the market served) in our internal pricing metrics to incentivise the promotion of sustainable assets. In addition, the Company applies mitigation measures to any identified risks.

Any longer-term risks for the Company will be addressed through its business strategy and financial planning in the years ahead.

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

3. Financial instruments

The following table presents the carrying amounts of each category of financial assets and financial liabilities:

		September 30,
	2023	2022
Financial assets		
Cash and cash equivalents	**522**	611
Loans and advances to customers		
Total finance lease and other loans and advances	**1,632,898**	1,467,468
	1,633,420	1,468,079
Trade and other receivables		
Amounts due from Group companies	**1**	-
Trade receivables from the sale of goods and services	**11,083**	28,334
Other receivables	**2,077**	5,231
	13,161	33,565
Total financial assets	**1,646,581**	1,501,644

		September 30,
	2023	2022
Financial liabilities		
Trade and other payables and other current liabilities		
Amounts owed to Group companies	**1,584,278**	1,469,970
Trade payables – non-Group companies	**15,695**	7,999
Other current liabilities	**19,724**	17,815
Total financial liabilities	**1,619,697**	1,495,784

The fair values of Cash and cash equivalents, Trade Receivables from the sale of goods and services, Other Receivables, Trade Payables – non-Group companies, and Other current liabilities approximate or equate their carrying amount due to the short-term maturities of these instruments or the nature of the instrument.

The fair value of fixed-rate assets and liabilities are evaluated by the Company based on parameters such as interest rates and the risk characteristics of the contracts.

At September 30, 2023, the fair value of loans and advances to customers is £1,491m and the fair value of amounts owed to group companies is £1,587m.

The financial income and expenses for the above financial assets and liabilities are disclosed in notes 4, 5 and 9.

Risk management framework

The following is a summary of the Company's risk management strategies and the effect of these strategies on the financial statements.

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- market risk
- liquidity risk
- operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The policies are aligned with the established Siemens AG framework on which there is regular reporting. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Audit governance and risk issues are formally reported to the Board on a quarterly basis with executive management considering these issues in monthly meetings. The board recognises it is important to encourage and safeguard the highest standards of integrity, financial reporting, corporate governance, risk management and internal control.

The Company seeks to maintain profitability, a strong Statement of Financial Position in terms of low credit risk and strong collateral and asset positions and liquidity, such that in a severe and exceptional event, capital and retained reserves together with net positive cash flows are more than adequate to meet any losses and repayment of liabilities. Liquidity is provided by the wider Siemens Group with other risks supported locally through operational policies aligned to the strategy of the business, supported by adequate capital resources.

(i) Credit risk

Credit risk is defined as an unexpected loss in financial instruments if the contractual partner is failing to discharge its obligations in full and on time or if the value of collateral declines.

The effective monitoring and controlling of credit risk through credit evaluations and ratings is a core competency of our risk management system. In this context, Siemens has implemented a binding credit policy for which the Company's Risk Department is responsible for implementing and addresses:

- *Implementing credit policies* in consultation with business units, covering collateral requirements, credit assessment, risk rating and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- *Establishing the authorisation structure* for the approval and renewal of credit facilities.
- *Reviewing and assessing credit risk*. The Risk Department assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- *Developing and maintaining the Company's' risk ratings* in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures.
- *Providing advice, guidance and specialist skills* to business units to promote best practice throughout the company in the management of credit risk.
- *Monitoring and management of structured financing* which is monitored on an ongoing basis to ensure that any changes in credit quality are identified in a timely manner and appropriate measures taken.

Measurement of Expected Credit Losses (ECL)

Financial assets, specifically loans and advances to customers, are accounted for at amortised cost and are evaluated for impairment on a basis described in the accounting policy note (see note 2).

Ratings and individually defined credit limits are based on generally accepted rating methodologies, with information obtained from customers, external rating agencies, data service providers and Siemens' credit default experiences. The credit model considers appropriate forward-looking information relevant to the specific financial instrument like expected changes in the debtor's financial position, ownership, management or operational risks, as well as broader forward-looking information, such as expected macroeconomic, industry-related and competitive developments. The ratings also consider a country-specific risk component derived from external country credit ratings. Ratings and credit limits for financial institutions as well as the Company's public and private customers, are reviewed annually upon anniversary of deal inception when exposure is material by internal risk assessment specialists. Other ratings may be reviewed as the result of event driven changes and back-testing to determine the efficacy of the rating process is carried out .

To analyse and monitor credit risks, the Company applies various systems and processes. A main element is a central IT application that processes data from operating businesses together with rating and default information and calculates an estimate, which may be used as a basis for individual or collective bad debt provisions. Additionally, qualitative information is considered to particularly incorporate the latest developments.

Below are the key judgements and estimates made by management surrounding the measurement of ECL.

Significant increase in credit risk (SICR)

The Company applies a series of quantitative, qualitative and backstop criteria to determine if an account has demonstrated a significant increase in credit risk and should therefore be moved to Stage 2.

- Quantitative criteria: A significant increase in credit risk is determined for each individual financial instrument using credit ratings. A rating deterioration does not trigger a transfer into Stage 2, if the credit rating remains within the investment grade range. Financial Instruments that have more than 30 days past due payments will be transferred into Stage 2, except for financial instruments where the delay is not credit-risk-related.
- Qualitative criteria: Additionally, qualitative information is considered to particularly incorporate the latest developments. This includes regular checks against external credit rating agency ratings to ascertain if a customer has suffered a downgrade but we have not noted any deterioration on their payment behaviour.

Model calculation

The definitions of the ECL calculations are outlined below and the key elements are as follows:

- PD - The Probability of Default ('PD') is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period if the facility has not been previously derecognised and is still in the portfolio.

- EAD - The Exposure at Default ('EAD') is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments in full, continued repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, accrued interest from missed payments, and the value of any collateral.

- LGD - The Loss Given Default ('LGD') is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

ECL is the EAD, multiplied by the PD and the LGD.

Management adjustments are made to modelled output to account for situations where known or expected risk factors and information have not been considered in the modelling process. In accordance with IAS 8, a change in in estimate relating to the company's ECL model utilised for parameterised pricing with discounted cash flows has been applied in the current year financial statements. The change reflects an adjustment in the expected future obligations associated with the calculation of credit risk in the current period.

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

Multiple Economic Scenarios (MES)

Siemens Financial Services in the UK has considered the application of MES based on the materiality of the standalone UK business and has determined that they are appropriate.

The Company has created a multivariate regression model to determine the sensitivities between the actual annual default rate and each of the below macroeconomic factors. For the factors, forecast values for the next 5 years were included, where the base case forecast has the following values:

September 30,	Unemployment Rate	GDP growth	Inflation
2024	4.52%	0.43%	3.15%
2025	4.35%	1.47%	1.31%
2026	3.90%	2.26%	1.29%
2027	3.85%	1.54%	1.74%
2028	3.79%	1.65%	1.93%

The Company has assessed the sensitivity to each of the below macroeconomic factors. Should the rate of the factor increase/decrease by 10pp the ECL (£19.2m) would (increase)/decrease to the below (£k):

	10pp. increase	10pp. decrease
Unemployment rate	(£150)	£123
Real GDP growth	£10	(£35)
Inflation	(£128)	£102

SFS has identified five scenarios for MES. Base case, Asset price crash, Excess savings run-down, increased Geo-political tensions, tighter credit conditions with the weighting applied of 40%, 10%, 20%, 10% and 20% respectively to each scenario based on management judgement. The values for the individual macro-economic scenarios have been obtained from a third-party provider’s data which is publicly available.

Credit exposure

The following shows the maximum exposure to credit risk, net of expected credit losses (which are determined with reference to collateral held) at September 30, 2023 and September 30, 2022.

	September 30,	
	2023	2022
Loans and advances to customers		
Finance lease and other loans and advances	**1,632,898**	1,467,468
	1,632,898	1,467,468
Amounts due from Group companies	**1**	-
Cash and cash equivalents	**522**	611
Trade receivables from the sale of goods and services	**11,083**	28,334
Other receivables	**2,077**	5,231
Financial assets subject to credit risk	**1,646,581**	1,501,644
Guarantees		
Guarantees	**2,780**	3,965

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

The credit risk is primarily attributable to the Company's loans and advances to customers.

The Company has partially mitigated this financial risk by seeking various forms of collateral and/or security. In some cases, further counterparty guarantees are obtained. The gross value of customer guarantees held is £253,530k of which £23,990k relates to operating lease assets (2022: £210,286k of which £26,812k relates to operating lease assets).

The carrying amount is the maximum exposure to a financial asset's credit risk, without taking account of any collateral. Collateral reduces the valuation allowance to the extent it mitigates credit risk. Collateral needs to be specific, identifiable, and legally enforceable to be taken into account. The value of the collateral held at the balance sheet date amount to £407,656 (2022: £342,067).

An exposure is considered defaulted if the debtor is unwilling or unable to pay its credit obligations. A range of internally defined events trigger a default rating, including but not limited to, the opening of bankruptcy proceedings, receivables being more than 90 days past due, or a default rating by an external rating agency.

Credit exposure by market (Loans and advances to customers)

The Company is subject to market concentration risk. This risk is mitigated through maintaining a diverse portfolio across a variety of market channels. Management reviews the exposure by channel and, in respect of the loans and advances to customers, the split between market channels is as follows:

	Invoice Finance	Vendor Finance	Vendor Referred	Structured Finance	Other	Total
2023	**4,654**	**558,349**	**692,547**	**262,740**	**114,608**	**1,632,898**
2022	5,287	493,646	621,922	279,149	67,463	1,467,468

As with previous years, within the portfolio there is the financing for a large infrastructure project, supporting the activities of Siemens, representing approximately 14% (2021: 16%) of year end assets. Due to the critical nature of the service provided to UK infrastructure, the level of risk associated with this transaction is deemed acceptable.

Credit quality of financial assets

For the purposes of the Company's disclosures regarding credit quality, financial assets subject to credit risk have been analysed as follows:

2023	**Finance leases and other loans and advances to customers**	**Trade and other receivables**	**Total**
Financial assets with a collective impairment allowance	**1,644,917**	**13,233**	**1,658,150**
Financial assets with an individual impairment allowance	**9,574**	**-**	**9,574**
	1,654,491	**13,233**	**1,667,724**
Impairment allowances	**(21,593)**	**(72)**	**(21,665)**
Total carrying amount	**1,632,898**	**13,161**	**1,646,059**

Assets where the Company deem there not to be a material credit risk have not been included in the above these are cash and cash equivalents and amounts due from Group companies.

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

2022	Finance leases and other loans and advances to customers	Trade and other receivables	Total
Financial assets with a collective impairment allowance	1,489,257	39,432	1,528,690
Financial assets with an individual impairment allowance	2,200	-	2,200
	1,491,457	39,432	1,530,890
Impairment allowances	(20,144)	(249)	(20,144)
Post model allowances	(4,095)	-	(4,095)
Total carrying amount	1,467,468	39,183	1,506,651

Assets where the Company deem there not to be a material credit risk have not been included in the above. These are cash and cash equivalents and amounts due from Group companies.

The credit risk is managed by the application of a credit risk rating. This is provided via an IT tool designed by the ultimate parent Company but reviewed and approved by management periodically. There are monthly reviews of large arrears balances which could result in subsequent rating changes to reflect a higher risk of loss.

(a) Financial assets impairment allowance

The following table sets out the Companies gross receivables and ECL provision for lease and other receivables under simplified approach:

Gross lease and trade receivables - Simplified approach

	September 30, 2023	Restated September* 30, 2022
Investment Grade Ratings	**449,499**	409,484
Non-investment Grade Ratings	**628,450**	568,785
Individually Impaired	**9,574**	2,200
Gross Carrying Amount	**1,087,523**	980,469
Trade Receivables	**13,233**	39,432
Gross Exposure	**1,100,756**	1,019,901
ECL	**(19,943)**	(20,755)
Net Exposure	**1,080,813**	999,146

*The prior year figure was amended to correct the split between investment grade and non-investment grade ratings from previously reported amount of £722,223k to £409,484k for investment grade ratings, and from £256,046k to £568,785k for non-investment grade. There is no impact to the gross carrying amount or gross exposure as a result of this change.

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

Gross loans and advances to customers-General approach

The following table sets out the Company's loans and advances by credit risk category (general approach):

	Stage 1	**Stage 2**	**Stage 3**	**September 30, 2023**	Restated September* 30, 2022
Investment Grade Ratings	**54,510**	**259,403**	**-**	**313,913**	298,221
Non-investment Grade Ratings	**248,201**	**4,314**	**540**	**253,055**	212,767
Individually Impaired	**-**	**-**	**-**	**-**	-
Gross Carrying Amount and Gross Exposure	**302,711**	**263,717**	**540**	**566,968**	510,988
ECL	**(1,134)**	**(350)**	**(238)**	**(1,722)**	(1,551)
Net Exposure	**301,577**	**263,367**	**302**	**565,246**	509,437

*The prior year figure was amended to correct the split between investment grade and non-investment grade ratings from the previously reported amount of £347,048 to £298,221k for investment grade ratings, and from £163,940k to £212,767k for non- investment grade. There is no impact to the gross carrying amount or gross exposure as a result of this change.

The following table sets out the reconciliation of movement in instalment finance receivables and related ECL provision (general approach)

Gross loans and advances to customers

	Stage 1	Stage 2	Stage 3	Total
Gross Balance at October 1, 2022	232,122	278,640	226	510,988
Stage Transfers	1,200	(1,360)	160	-
New Business	127,446	1,562	41	129,049
Receivables repaid, restructured or written off	(58,057)	(15,125)	113	(73,069)
Gross Balance at September 30, 2023	302,711	263,717	540	566,968
ECL Provision	(1,134)	(350)	(238)	(1,722)
Net carrying value at September 30, 2023	301,577	263,367	302	565,246

Off balance sheet exposures of £2,780k (2022: £3,965k) classified as stage 3 (2022: Stage 3) are not included in the table above. The balance sheet ECL impact in respect of this balance is; £970k (2022: £1,207k) see note 17.

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

Movements in provision for expected credit losses

2023	**Loans, Receivables, and other debt instruments measured at amortized cost**				**Lease Receivables**	**Total**
	Loan and other debt instruments under the general approach			**Trade receivables and other debt instruments under the simplified approach**		
	Stage 1	**Stage 2**	**Stage 3**			
ECL as of October 1, 2022	**1,546**	**(188)**	**193**	**249**	**22,438**	**24,238**
Change in valuation allowances recorded in the current period	(297)	543	(75)	(177)	(2,567)	**(2,573)**
Stage transfers	(115)	(5)	120	-	-	-
ECL as of September 30, 2023	**1,134**	**350**	**238**	**72**	**19,871**	**21,665**

In the prior year the analysis of UK specific macroeconomics and how they impacted the model for valuation allowances was determined separately and incorporated as a post model adjustment. In the current year the UK macroeconomics are incorporated into the modelling process.

	Loans, Receivables, and other debt instruments measured at amortized cost				Lease Receivables	Total
	Loan and other debt instruments under the general approach (Including covid overlay)			Trade receivables and other debt instruments under the simplified approach		
	Stage 1	Stage 2	Stage 3			
ECL as of October 1, 2021	1,216	(221)	372	159	21,384	22,911
Change in valuation allowances recorded in the current period	195	(3)	(198)	90	(4,564)	(4,480)
Post model adjustment	126	28	36	-	5,618	5,808
Stage transfers	9	8	(17)	-	-	-
ECL as of September 30, 2022	1,546	(188)	193	249	22,438	24,238

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

(b) Past due financial assets

An asset is considered past due when an obligor has failed to make a payment by the contractual due date. The following are assets net of ECL and are past due as at September 30, 2023 and September 30, 2022.

	Not past due	Past due less than 1 month	Past due greater than 1 month but less than 2 months	Past due greater than 2 months but less than 3 months	Past due greater than 3 months	Total
2023						
Loans and advances to customers and trade and other receivables						
Finance lease and other loans and advances to customers	**1,614,924**	**8,361**	**1,861**	**1,242**	**6,510**	**1,632,898**
Trade and other receivables	**9,515**	**2,501**	**797**	**203**	**145**	**13,161**
Total	**1,624,439**	**10,862**	**2,658**	**1,445**	**6,655**	**1,646,059**

	Not past due	Past due less than 1 month	Past due greater than 1 month but less than 2 months	Past due greater than 2 months but less than 3 months	Past due greater than 3 months	Total
2022						
Loans and advances to customers and trade and other receivables						
Finance lease and other loans and advances to customers	1,455,362	5,186	1,259	829	4,832	1,467,468
Trade and other receivables	39,183	-	-	-	-	39,183
Total	1,494,545	5,186	1,259	829	4,832	1,506,651

(c) Financial assets that are impaired

Details of the specific and collective impairment allowances on loans and advances to customers are disclosed as

	2023	September 30, 2022
Specific allowances for impairment		
Balance at October 1	**1,595**	1,606
(Reversed)/charged for the year - Net	**846**	(11)
Balance at 30 September	**2,441**	1,595
Collective allowances for impairment		
Balance at October 1	**22,394**	21,145
(Reversed)/charged for the year - Net	**(3,242)**	1,249
Balance at 30 September	**19,152**	22,394
Total allowances for impairment	**21,593**	23,989

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

(ii) Market risk

(a) Residual value risk

Residual value risk arises to the extent that the market value of leased assets held falls below the expected recoverable amount of the assets.

A part of the Company's portfolio comprises operating leases, in which the Company retains a residual exposure to the equipment after the lessee's minimum rental payment obligations have expired. The expectation is that the equipment will be re-leased, either to the original lessee or to a new lessee, or that the equipment can be sold to the original supplier or on the open market, all to the effect that the residual exposure will be repaid without loss of principal, interest, or margin to the Company. Additionally, the Company has secured insurances or guarantees for an element of the assumed residual value for certain lease and equipment category types. Experience to date demonstrates that the assumed realisable values are appropriate.

Residual value nominal positions as at September 30, 2023 and September 30, 2022 are disclosed below split by maturity:

2023	Within 1 year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
Operating leases, exposure by asset type					
Medical	**1,747**	**598**	**1,124**	**-**	**3,469**
Reprographics and Information technology	**959**	**119**	**47**	**-**	**1,125**
Vehicles	**18,576**	**15,450**	**24,986**	**1,474**	**60,486**
Machine tools	**902**	**5,858**	**5,992**	**-**	**12,752**
Construction equipment	**4,482**	**943**	**1,598**	**-**	**7,023**
Test, Measurement and Laboratory Equipment*	**26**	**12**	**128**	**-**	**166**
Others	**682**	**296**	**1,328**	**-**	**2,306**
At September 30, 2023	**27,374**	**23,276**	**35,203**	**1,474**	**87,327**

*In the current year an additional category Test, Measurement and Laboratory was added to improve clarity and consistency. The prior year total was £221.

2022	Within 1 year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
Operating leases, exposure by asset type					
Medical	2,163	1,233	1,292	-	4,688
Reprographics and Information technology	1,623	1,112	109	-	2,844
Vehicles	19,607	14,854	26,858	3,670	64,989
Machine tools	1,044	545	11,746	-	13,335
Construction equipment	1,534	3,777	2,111	-	7,422
Others	1,123	147	1,324	29	2,623
At September 30, 2022	27,094	21,668	43,440	3,699	95,901

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

2023	Within 1 year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
Finance lease, exposure by asset type					
Vehicles	**1,744**	**1,631**	**6,841**	**2,545**	**12,761**
Medical	**2,278**	**1,237**	**6,346**	**3,815**	**13,676**
Reprographics and Information technology	**1,824**	**2,300**	**7,839**	**77**	**12,040**
Power Generation and Distribution	**769**	**697**	**283**	**0**	**1,749**
Test, Measurement and Laboratory Equipment	**192**	**613**	**961**	**64**	**1,830**
Machine Tools	**241**	**681**	**1,085**	**0**	**2,007**
Construction equipment	**44**	**45**	**1,144**	**0**	**1,233**
Others	**205**	**186**	**1,177**	**343**	**1,911**
At September 30, 2023	**7,297**	**7,390**	**25,676**	**6,844**	**47,207**

2022	Within 1 year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
Finance lease, exposure by asset type					
Vehicles	928	812	4,791	4,417	10,948
Medical	1,718	1,778	6,470	3,994	13,960
Reprographics and Information technology	1,439	2,178	6,684	62	10,363
Power Generation and Distribution	329	738	970	-	2,037
Test, Measurement and Laboratory Equipment	141	123	1,559	22	1,845
Machine Tools	65	241	1,521	-	1,827
Construction equipment	-	44	1,124	65	1,233
Others	260	188	725	150	1,323
At September 30, 2022	4,880	6,101	23,845	8,710	43,536

Finance leases include unguaranteed residual values of £6,245k (2022: £5,069k).

(b) Interest rate risk

Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market interest rates.

At the reporting date the interest rate profile of the Company’s interest-bearing financial instruments were:

		September 30,
	2023	2022
Fixed rate instruments		
Financial assets	**1,632,898**	1,467,468
Financial liabilities	**1,584,278**	1,469,970

Sensitivity analysis for fixed rate instruments

The Company does not account for any fixed or variable rate financial assets and liabilities at fair value through profit or loss and the Company does not hold derivatives (interest rate swaps) as hedging instruments under a fair value or cash flow hedge accounting model.

The Company mitigates the risk of change in interest rates by entering into a corresponding position with matching terms from the parent company where appropriate. The cash inflows from our asset portfolio is matched to the cash outflows on our borrowings on a weekly basis based on new business executed. At September 30, 2023 if interest rates had been 100bp higher or lower there would not have been any significant effect on profit or equity on the basis that the assets are match funded.

(c) Investment risk

The Company does not hold investments for trading purposes and has no trading book. It does not hold investments in publicly traded companies or non-publicly traded companies.

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

(d) Foreign currency exchange rate risk

Foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. Where the Company is conducting business with international counterparties that leads to future cash flows denominated in a currency other than its functional currency, it is exposed to the risk from changes in foreign exchange rates. This risk is mitigated by financing the assets with funding from within the Group in the same currency. The Company does not borrow or invest in foreign currencies on a speculative basis.

The tables below show the net foreign exchange transaction exposure by major currencies as of September 30, 2023 and September 30, 2022:

	US$	**Euro**	**Total**
2023			
Net Statement of Financial Position exposure	25	162	187
Thereof: Financial assets	1,088	38,437	39,525
Thereof: Financial liabilities	(1,063)	(38,275)	(39,338)
Change in value of financial assets and financial liabilities resulting from 10% appreciation of GBP	3	16	19

	US$	**Euro**	**Total**
2022			
Net Statement of Financial Position exposure	18	427	445
Thereof: Financial assets	2,316	23,845	26,161
Thereof: Financial liabilities	(2,298)	(23,418)	(25,716)
Change in value of financial assets and financial liabilities resulting from 10% appreciation of GBP	2	43	45

It is the directors' view that using 10% sensitivity is appropriate to analyse the sensitivity of currency fluctuations.

The amount of foreign exchange recognised in the Statement of Income was a gain of £4k (2022: £32k). The Company makes no use of derivative financial instruments.

Liquidity risk

Liquidity risk results from the Company's potential inability to meet its financial liabilities, e.g. for the settlement of its financial debt, paying its suppliers and settling finance lease obligations. In addition to having implemented effective working capital and cash management, the Company mitigates liquidity risk by arranged credit facilities with other Siemens companies. Amounts owed to Group companies are presented on their contractual maturity. These are repayable on demand or due to certain triggering events. Historically other Siemens companies have not demanded repayment of these intercompany balances. If those amounts were called upon for payment then this would result in £1,529,930k (2022: £1,085,216k) being reclassified from 'Between 1 year and 5 years' and 'After 5 years' to 'less than 1 year' in the table below.

The following table reflects all contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**Between 1 year and 5 years**	**After 5 years**
2023					
Financial liabilities					
Amounts owed to Group companies	**1,584,278**	**2,226,506**	**696,576**	**1,298,951**	**230,979**
Trade and other payables- non-Group companies and other current liabilities	**35,419**	**35,419**	**34,923**	**496**	**-**
Total	**1,619,697**	**2,261,925**	**731,499**	**1,299,447**	**230,979**

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

Liquidity risk (cont)

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 year and 5 years	After 5 years
2022					
Financial liabilities					
Amounts owed to Group companies	1,469,970	1,688,989	603,773	755,570	329,646
Trade and other payables to non-Group companies and other current liabilities	25,814	25,814	24,870	945	-
Total	1,495,784	1,714,803	628,643	756,515	329,646

Trade payables and amounts owed to Group companies mainly originate from the financing of loans and advances to customers.

To monitor existing financial assets and liabilities as well as to enable effective control of future risks, the Company has established comprehensive risk reporting.

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

	September, 30	
	2023	2022
Cash and cash equivalents	**522**	611
Loans and advances to customers – current	**477,251**	420,202
Trade receivables from the sale of goods and services and other receivables	**13,161**	37,976
	490,934	458,789
Amounts owed to Group companies – current (note 16)	**553,088**	563,235
Other amounts owed to Group companies which are repayable on demand	**1,031,190**	906,735
Current trade payables – non-Group companies and other current liabilities	**35,419**	24,870
	1,619,697	1,494,840
Net current liabilities	**(1,128,763)**	(1,036,051)

In line with the funding strategy adopted for all wholly owned Siemens AG Group companies, funding is affected through the ultimate parent. Wherever and whenever possible, Siemens AG have granted a Revolving Credit facility for an amount of £100m for an indefinite period subject to certain performance conditions, provision of information and the Company remaining an affiliate of Siemens AG. Each loan under the facility is subject to a perpetual term that can only be withdrawn with 3 years notice. The board considers in the event that the ultimate parent be faced with a liquidity issue of its own, it may not be able to fulfil this commitment. The board is of the view that this is not currently of material concern, since the Siemens AG, at September 30, 2023, is rated A+ with a market capitalisation of €113.20bn (2022: €101.20bn). However, should this change with negative implications, or should any other adverse event or condition materialise, the board would have to immediately review the implications of such an event and act accordingly.

(iv) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations and business lines.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions requirements for the reconciliation and monitoring of transactions;

- compliance with regulatory and other legal requirements;
- documentation of controls and procedures to meet Siemens Internal Guidelines;
- requirements for the annual assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with Siemens and regulatory standards is supported by a programme of annual reviews undertaken by Group internal audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Siemens AG audit committee and senior management of the Company.

Collateral

The Company does not hold any collateral that can be sold or re-pledged in the absence of default by the owner on contractual terms. Nor does the Company pledge its financial assets as collateral to third parties.

Gain on sale of collaterals from borrowers who defaulted during the year:

For the year ended September 30, 2023 (in thousands of £)

Nature of asset obtained	Carrying amount of asset	Policy
Finance Leases	169	Sale of assets on bad debt cases.

For the year ended September 30, 2022 (in thousands of £)

Nature of asset obtained	Carrying amount of asset	Policy
Finance Leases	141	Sale of assets on bad debt cases.

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

4. Revenue

Revenue is the aggregate of operating lease income, earnings from finance leases and earnings from loans and advances to customers. The policy for revenue recognition is set out in note 2 above.

	Year ended September 30,	
	2023	2022
Interest income recognised- Finance lease income	**64,448**	53,148
Interest income recognised- Income from other loans and advances to customers	**34,880**	27,219
Interest income recognised under effective interest rate method	**99,328**	80,367
Operating lease rental income	**56,887**	63,164
Proceeds from sale of leased assets	**38,678**	65,011
	194,893	208,542

5. Cost of sales

Cost of goods sold and services rendered represents interest payments from finance leases, operating leases and loans and advances to customers, along with similar costs and any commission payable.

Interest payable and similar costs included within the cost of sales rendered is as follows:

	Year ended September 30,	
	2023	2022
Interest payable to other Group undertakings	**47,664**	26,581
Depreciation on assets leased under operating leases	**48,658**	54,138
Cost of sale of leased assets sold	**32,245**	58,404
Commissions	**605**	414
	129,172	139,537

6. Other operating expenses

	Year ended September 30,	
	2023	2022
Administrative expenses	**24,080**	20,981
Operating lease payments	**40**	40
(Release) / charge of impairment allowances	**(2,573)**	1,328
Bad debt write-offs	**3,775**	2,452
(Release) / charge of impairment against residual values	**(150)**	512
Auditor’s remuneration for audit services	**270**	219
Auditor’s out of pocket expenses	**5**	6
Staff costs (see note 7)	**23,146**	21,171
Total other operating expenses	**48,593**	46,709

Amounts payable to Ernst & Young LLP and their associates by the Company in respect of non-audit services were £nil (2022: £nil).

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

7. Staff numbers and costs

	Year ended September 30, 2023	2022
Wages and salaries	**19,370**	17,450
Social security costs	**2,176**	2,175
Expenses relating to pension plans and employee benefits	**1,600**	1,546
	23,146	21,171

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.

The average number of employees (including executive directors) during 2023 and 2022 was 259 and 242, respectively. Part-time employees are counted as full units. The employees were engaged in the following activities:

	Year ended September 30, 2023 Average Number	2022 Average Number
Administration and general services	**183**	172
Sales and marketing	**76**	70
	259	242

8. Directors' emoluments

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

	Year ended September 30, 2023	2022
Emoluments receivable	**617**	566
Employer contributions to money purchase schemes	**27**	12
	644	578

Certain directors of the Company are also directors of fellow Siemens AG subsidiary companies, none of whom receive emoluments through the Company. The aggregate amounts of emoluments and amounts receivable under long-term incentive schemes of the highest paid director was £405,231 (2022: £360,849). Two (2022: two) of the directors are a member of the defined contributions scheme the aggregate amount of any pension contributions for the highest paid director is £8k (2022: £9k). None (2022: none) of the directors are members of a defined benefit scheme. One (2022: two) of the directors have qualifying services shares receivable from a long-term incentive scheme, they have received 214 (2022: 379) shares in total; this includes shares receivable by the highest paid director. There have been no share options issued to directors 2023 £nil, (2022: £nil).

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

9. Other operating income

	Year ended September 30, 2023	2022
Management fees received from other Group companies	**4,426**	3,747
Insurance related fees	**6,392**	6,253
Other fee income	**1,934**	1,751
Gain on disposal of Property, Plant and Equipment	**-**	3
Other Income	**964**	135
	13,716	11,889

10. Interest income and interest expense

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

	Year ended September 30, 2023	2022
Interest income from pension plans and similar commitments	**2,236**	1,119
Interest expense from pension plans and similar commitments	**(2,200)**	(1,046)
Interest income from pension plans and similar commitments	**36**	73

	Year ended September 30, 2023	2022
Interest expense from lease liabilities	**(32)**	**(25)**

Interest expense relates to the Company's obligation on its leasehold properties (see note 16). Interest expense on intercompany funding is disclosed as part of the Cost of sales note, in Interest payable to other Group undertakings (note 5).

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

11. Taxes

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

	Year ended September 30,	
	2023	2022
Current tax:		
UK corporation tax	**8,736**	**6,740**
Foreign income taxes	**(25)**	**122**
Adjustments for prior years	**96**	**(497)**
	8,807	**6,365**
Deferred tax:		
Origination and reversal of temporary differences - current year	**(2,133)**	**(202)**
Origination and reversal of temporary differences - prior years	**(318)**	**589**
	(2,451)	**387**
Tax expense	**6,356**	6,752

Of the deferred tax credit in 2023 and the deferred tax expense in 2022, £2,291k and £387k, respectively, relate to the origination and reversal of temporary differences.

For the year ended September 30, 2023 the Company was subject to UK corporation tax at a rate of 22% (September 30, 2022: 19%).

The total tax expense differs from the amounts computed by applying the statutory UK tax rate as follows:

	Year ended September 30,	
	2023	**2022**
Net income before tax (continuing operations)	**30,848**	34,326
Tax at 22% (2022: 19%)	**6,786**	6,505
Increase / (decrease) in income taxes resulting from:		
Non-deductible losses and expenses	**67**	105
(Over)/ under provided in prior years – deferred tax	**(318)**	589
Under/ (over) provided in prior years – current tax	**97**	(497)
Irrecoverable foreign tax	**(20)**	99
Deferred tax rate change adjustment	**(256)**	(49)
Total income tax expense for the year	**6,356**	**6,752**

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 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.

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

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

	Year ended September 30, 2023	2022
Assets:		
Property, plant and equipment	**13,971**	**11,510**
Pension plan similar commitments	**469**	**-**
Liabilities	**807**	**801**
Deferred tax assets	**15,247**	**12,311**
Liabilities		
Pension plans and similar commitments	**-**	**(178)**
Intangible assets	**(8)**	**-**
Deferred tax liabilities	**(8)**	**(178)**
Total deferred tax assets, net	**15,239**	**12,133**

Deferred tax assets are reviewed at each reporting date. Management considers to what extent it is probable that the deferred tax assets will be realised in a reasonably foreseeable timeframe. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible (including future taxable profit of the wider Siemens UK group to the extent that deferred tax attributes can be surrendered as permitted under tax legislation).

Management do not expect climate related risks to have an impact on the recognition of deferred tax assets since the company's positioning as a finance company targeting a range of products including those related to decarbonisation and green technologies should continue to generate future profitable growth opportunities.

As of September 30, 2023 the Company had £nil (2022: £nil) of gross tax loss carry forwards.

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

	Year ended September 30, 2023	2022
Deferred tax assets balance as at October, 1	**12,133**	**11,615**
Income tax presented in the Statement of Income	**2,451**	**(387)**
Changes in items of the Statement of Comprehensive Income	**656**	**905**
Deferred tax assets balance as at September, 30	**15,239**	**12,133**

As of September 30, 2023, the Company had £nil (2022: £nil) of gross tax loss carry forwards.

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

12. Trade and other receivables

	September 30, 2023	2022
Trade receivables from the sale of goods and services	**11,083**	28,334
Receivables from Group companies	**1**	-
Other receivables	**8,649**	9,642
	19,733	37,976

Trade receivables from the sale of goods and services are all payable within 14 days and non-interest bearing.

13. Loans and advances to customers

	September 30, 2023	2022
Loans and advances to customers	**1,632,898**	1,467,468

Amounts included in Loans and advances to customer include finance leases receivable from related parties to the value of £2,037, (2022: £1,431).

Loans and advances

Loans and advances to customers include the following receivables:

	September 30, 2023	2022
Less than one year	**477,251**	420,201
Between one and five years	**890,499**	805,744
More than five years	**286,741**	265,512
Total impairment allowance	**(21,593)**	(23,989)
	1,632,898	1,467,468

Finance lease receivables – Minimum lease receivables

The following minimum lease receivables on finance leases:

	September 30, 2023	2022
<1 year	**382,110**	336,656
1-2 years	**299,239**	267,273
2-3 years	**217,594**	188,411
3-4 years	**140,191**	119,182
4-5 years	**72,519**	62,679
More than five years	**63,828**	52,344
	1,175,481	1,026,545

The following table shows a reconciliation of minimum future lease receivables to the gross and net investment in lease payments receivable:

	September 30, 2023	2022
Minimum future lease receivables	**1,175,481**	1,026,545
Guaranteed residual value	**40,962**	38,467
Less: Unearned finance income	**(128,834)**	(90,272)
Net investment in finance leases	**1,087,609**	974,740

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

14. Other intangible assets

The gross cost and accumulated amortisation of other intangible assets (all of which relate to software) as at 30 September 2023 is £6.6m and 2022 was £6.6m; there were no additions in the year and the net book value as at these dates was £nil.

15. Property, plant and equipment

	Equipment leased to others	Furniture & office equipment	Right of use asset	Total property, plant & equipment
Cost				
At 1 October 2022	334,262	111	3,741	338,114
Additions	38,592	34	618	39,244
Disposals	(87,873)	-	(248)	(88,121)
At 30 September 2023	**284,981**	**145**	**4,111**	**289,237**
Accumulated depreciation and impairment				
At 1 October 2022	137,208	111	2,054	139,373
Charge for the year	48,658	3	847	49,508
Disposals	(71,672)	-	(176)	(71,848)
At 30 September 2023	**114,194**	**114**	**2,725**	**117,033**
Net book value at 1 October 2022	197,054	-	1,687	198,741
Net book value at 30 September 2023	**170,787**	**31**	**1,386**	**172,204**

Furniture & office Equipment includes fully depreciated assets with cost and accumulated depreciation of £111k (2022: £111k).

As of September 30, 2023 and 2022, the undiscounted minimum future lease payments receivable that the Company, as a lessor, is expecting to receive under non-cancellable operating leases as follows:

	2023	**September 30,** 2022
<1 year	**77,026**	78,683
1-2 years	**62,234**	65,392
2-3 years	**41,179**	49,667
3-4 years	**18,399**	29,608
4-5 years	**11,671**	13,200
More than five years	**3,372**	6,333
	213,881	242,883

See note 16 for discounted lease liabilities with movements during the period and a maturity analysis of contractual undiscounted lease payments.

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

16. Trade and other payables

	September 30,	
	2023	2022
Trade payables	**14,329**	6,235
Amounts due to Group companies	**1,584,278**	1,469,970
Lease Liabilities - Current	**917**	819
Lease Liabilities – Non-Current	**496**	945
	1,600,020	1,477,969

Trade payables are expected to be paid within 12 months.

Of the amounts due to Group companies, £1,031,190k (2022: £906,735k) is expected to be due over more than one year but can be repayable on demand. The average term of amounts due to Group companies is 4.7 (2022: 5.4) years and these amounts are interest bearing.

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

	September 30,	
	2023	2022
Balance at the beginning of the year	**1,764**	634
Additions	**618**	1,939
Accretion of interest	**32**	25
Payments	**(929)**	(758)
Disposals	**(73)**	(76)
Balance at the end of the year	**1,412**	1,764
Split as:		
Current	**917**	824
Non-Current	**496**	945

Maturity analysis – contractual undiscounted cashflows payable	**2023**	2022
One year	**917**	824
Two years	**274**	801
Three years	**152**	136
Four years	**70**	8
Five years	**-**	-
Thereafter	**-**	-

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

17. Other current liabilities

	September 30, 2023	2022
Other current liabilities	**19,229**	16,608
Expected credit loss on credit guarantees	**970**	1,207
	20,199	17,815

£5.6m (2022: £6.0m) of which, are employee related accruals for variable pay elements associated with bonus schemes, vacation payments, overtime, and service anniversary awards.

18. Provisions

	September 30, 2023	2022
Balance at the beginning of year	**311**	311
Additions	**-**	-
Unused amounts reversed	**(311)**	-
	-	311

Provisions related to expected tax interest payable.

19. Post-employment benefits

Post-employment benefits provided by the Company are organised through a defined benefit plan as well as a defined contribution plan.

In the year the Company participated in one defined benefit plan and one defined contribution plan.

Defined benefit plan

Siemens Benefits Scheme

Siemens Benefits Scheme (“Scheme”) is a defined benefit scheme with assets held in separate trustee administrated funds. The amount of contributions to be paid is decided jointly by the employer and the trustees of the Scheme. Assets held in trust are governed by UK regulations and practice. The Scheme’s investment strategy is decided by the trustees, in consultation with the employer. The board of trustees must be composed of representatives of the employer and Scheme participants in accordance with the Scheme’s legal documentation. The Company is one of a number of companies that participate in this Scheme, which provides benefits based on final pensionable pay.

All members and their respective defined benefit obligations are allocated to individual participating employers, and assets are allocated on a similar basis. These allocations allow net defined benefit costs to be charged to each company. Contributions for ongoing accrual in respect of active members are based on each company's payroll, whilst the distribution of deficit and lump sum payments is the responsibility of the principal and main participating employers.

The Company’s share of the Scheme is analysed below:

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

Movement in the Company's share of the net amount recognised:

	September 30, **2023**	2022
Company's share of the net amount recognised of the Scheme at beginning of year	**713**	4,260
Interest income from pension plans and similar commitments	**2,236**	1,119
Interest expense from pension plans and similar commitments	**(2,200)**	(1,046)
Remeasurements included in Statement of Comprehensive Income	**(2,624)**	(3,620)
Company's share of the net amount recognised of the Scheme at end of year	**(1,875)**	713

The disclosures which follow are for the Siemens Benefits Scheme as a whole, except as where otherwise stated.

The movement in the Scheme surplus is split between operating charges and finance items, which are charged to the Statement of Income, and remeasurement gains and losses are charged to the Statement of Comprehensive Income. The numbers shown in this disclosure have been based on calculations carried out by a qualified independent actuary to take account of the requirements of IAS 19 in order to assess the liabilities of the Scheme at September 30, 2023. The Scheme's assets are stated at their market values at September 30, 2023.

The Group Scheme covers 27,898 participants, including 795 active employees, 13,783 former employees with vested benefits and 13,320 retirees and surviving dependents. The Company has 280 participants of which 18 are continuing employees, 196 former employees with vested benefits and 66 retirees and surviving dependents.

The valuation used for IAS 19 disclosures has been based on a full assessment of the liabilities of the Siemens Benefits Scheme as at September 30, 2023. The present values of the defined benefit obligation ("DBO"), the related current service cost and any past service costs were measured using the projected unit credit method.

The Scheme is closed to new entrants The salary linkage ceased for continuing members on January 1, 2023.

Remeasurement gains and losses have been recognised in the period in which they occur, (but outside the Statement of Income), through the Statement of Comprehensive Income.

Reconciliation of funded status to Statement of Financial Position:

	September 30, **2023**	2022
Fair value of Scheme assets	**2,830,823**	3,252,128
Present value of funded defined benefit obligations	**(2,699,458)**	(2,986,793)
Funded status recognised in the companies' Statement of Financial Position	**131,365**	265,335,

The element of the above funded status recognised in the Company Statement of Financial Position is a liability of £1,874k (2022: an asset of £713k).

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

Defined benefit costs are as follows:

	September 30,	
	2023	2022
Current service cost	**104**	248
Past service cost	**-**	500
Net interest expense	**150,413**	71,816
Net interest income	**(164,666)**	(82,304)
Components of defined benefit cost (income) recognised in the Statement of Income	**(14,149)**	(9,740)
Loses on Scheme assets (excluding amounts included in net interest expense and net interest income)	**447,112**	1,695,648
Remeasurement gains.	**(297,502)**	(1,318,746)
Remeasurements of defined benefit scheme recognised in the Statement of Comprehensive Income	**149,610**	376,902
Defined benefit costs	**135,461**	367,162

The past service cost in the prior year relates to an additional liability for a small number of existing members.

The Company's components of defined benefit cost (income) recognised in the Statement of Income is (£37k) (2022: (£73k)).

The remeasurements of the defined benefit scheme recognised in the Company's Statement of Comprehensive Income is £2,624k (2022: £3,620k).

Changes to the present value of the defined benefit obligation during the year:

	September 30,	
	2023	2022
Defined benefit obligation at beginning of year	**2,986,793**	4,266,900
Current service cost	**104**	248
Past service cost	**-**	500
Interest expense	**150,413**	71,816
Remeasurements:		
Remeasurement gains from changes in demographic assumptions	**(51,701)**	(3,110)
Remeasurement gains from changes in financial assumptions	**(308,519)**	(1,471,554)
Experience losses	**62,718**	155,918
Scheme participants' contributions	**1,164**	744
Benefits paid	**(141,514)**	(150,357)
Business combinations, disposals and other	**-**	115,688
Defined benefit obligation at end of year	**2,699,458**	2,986,793

The Company's defined benefit obligation at the end of the year was £40,314k (2022: £43,524k).

Business combinations, disposals and other in the prior year relate to the transfer of net pension assets to the Scheme from the Electrium Pension Scheme.

The total DBO at the end of the year 2023 includes £136,352k for active employees (2022: £172,053k), £969,560k for former employees with vested benefits (2022: £1,144,019k) and £1,593,546k for retirees and surviving dependents (2022: £1,670,721k).

The weighted average duration of the DBO was 12.0 years (2022: 14.4 years).

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

Changes to the fair value of Scheme assets during the year:

		September 30,
	2023	2022
Fair value of Scheme assets at beginning of year	**3,252,128**	4,878,131
Interest income	**164,666**	82,304
Remeasurements:		
Losses on Scheme assets excluding amounts included in interest income and interest expense	**(447,112)**	(1,695,648)
Employer contributions	**1,491**	2,020
Scheme participants' contributions	**1,164**	744
Benefits paid	**(141,514)**	(150,357)
Business combinations, disposals and other	**-**	134,934
Fair value of Scheme assets at end of year	**2,830,823**	3,252,128

The Company's scheme assets had a fair value of £38,440k (2022: £44,237k) at the year end date.

Business combinations, disposals and other in the prior year relate to the transfer of net pension assets to the Scheme from the Electrium Pension Scheme.

Actuarial assumptions:

The main assumptions used by the independent qualified actuaries to calculate the liabilities under IAS 19 are set out below.

The assumptions used for the calculation of the DBO as of the period-end of the preceding year are used to determine the calculation of service cost and interest income and interest expense of the following year. The interest income and interest expense for the year will be based on the discount rate at the beginning of the respective year multiplied by the net of the fair value of Scheme assets and the DBO at the preceding year's period-end date. The fair value of Scheme assets and DBO, and thus the interest income on Scheme assets and the interest expense on DBO, are adjusted for significant events after the year end, such as a supplemental funding, Scheme changes or business combinations and disposals.

Assumed discount rates, compensation increase rates, pension progression rates used in calculating the DBO vary according to the economic conditions.

Main financial assumptions:

		September 30,
	2023	2022
	% p.a.	% p.a.
Inflation (RPI)	3.20	3.50
Inflation (CPI)	2.50	2.80
Rate of general long-term increase in salaries	-	3.30
Rate of increase to pensions in payment		
- inflation capped at 5% (RPI)	3.00	3.20
- inflation capped at 3% (RPI)	2.30	2.40
- inflation with a floor of 3% and a cap of 5% (RPI)	3.70	3.80
Discount rate for Scheme liabilities	5.48	4.77

Mortality assumptions:

The post-retirement mortality assumptions used in valuing the liabilities of the Scheme are based on the standard SAPS S3 tables scaled by a factor of 99.0% (2022: 99.0%) for males and 99.0% (2022: 99.0%) for females. In addition, there is an allowance for future longevity improvements in line with the central Continuous Mortality Investigation 2022 (CMI2022) (2022: CMI2021) projections with a long term rate of improvement of 1.25% p.a (2022: 1.25%). The changes in mortality assumptions were adopted to reflect up-to-date conditions as of the remeasurement date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

Sensitivity analysis:

A one-half-percentage-point change of the established assumptions mentioned before, used for the calculation of the DBO as of September 30, 2023, would result in the following increase (decrease) of the DBO:

	Effect on DBO as of September 30, 2023 due to	
	One-half % Increase	**One-half % Decrease**
Discount rate	(149,410)	159,041
Rate of compensation increase	-	-
Rate of pension progression	127,638	(120,980)

In order to determine the longevity risk, the mortality rates were reduced by 10% for all beneficiaries. The impact on the DBO amounts to £67,869k as of September 30, 2023. i.e. the adjustment of the mortality rates by 10% results in an increase of life expectancy depending on the individual age of each beneficiary. That means for example, that the life expectancy of a male employee aged 55 years as of September 30, 2023, increases by 0.8 years.

When calculating the sensitivity of the DBO to significant actuarial assumptions the same method (present value of the DBO calculated with the projected unit credit method) has been applied as when calculating the pension obligation recognised in the Statement of Financial Position. Increases and decreases in the discount rate, rate of compensation increase and rate of pension progression which are used in determining the DBO do not have a symmetrical effect on the DBO primarily due to the compound interest effect created when determining the net present value of the future benefit. If more than one of the assumptions were changed simultaneously, the cumulative impact would not necessarily be the same as if only one assumption was changed individually. Furthermore, the sensitivities reflect a change in the DBO only for a change in the assumptions in this exact magnitude, i.e. 0.5%. If the assumptions change at a different level, the effect on the DBO is not necessarily linear.

There were no changes in the methods used in preparing the sensitivity analyses.

Disaggregation of Scheme assets:

The asset allocation of the Scheme is as follows:

	September 30, 2023			September 30, 2022		
	Quoted market price in active market	**No quoted market price in active market**	**Total**	Quoted market price in active market	No quoted market price in active market	Total
Asset Class						
Equity securities:						
International equities	**174,374**	**-**	**174,374**	-	-	-
	174,374	**-**	**174,374**	-	-	-
Fixed income securities:						
Government bonds	**765,581**	**-**	**765,581**	868,039	-	868,039
Corporate bonds	**170,446**	**-**	**170,446**	328,280	-	328,280
Other	**-**	**250,700**	**250,700**	-	219,000	219,000
	936,027	**250,700**	**1,186,727**	1,196,319	219,000	1,415,319
Alternative investments:						
Real estate	**-**	**21,126**	**21,126**	-	33,742	33,742
	-	**21,126**	**21,126**	-	33,742	33,742
Multi strategy funds	**269,020**		**269,020**	466,890		466,890
Derivatives:						
Interest risk	**-**	**(9,510)**	**(9,510)**	-	6,485	6,485
Foreign currency risk	**-**	**0**	**0**	-	(24,198)	(24,198)
Credit, Inflation and Price risk	**-**	**7,254**	**7,254**	-	(158)	(158)
	-	**(2,256)**	**(2,256)**	**-**	**(17,871)**	**(17,871)**
Cash and other assets	**56,128**	**1,125,704**	**1,181,832**	132,908	1,221,140	1,354,048
Total	**1,435,549**	**1,395,274**	**2,830,823**	1,796,117	1,456,011	3,252,128

The Scheme assets do not include any transferable financial instruments of the Company or property occupied by the Company.

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

The trustee of the Scheme has produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995. This statement sets out the trustee's investment objectives and strategy. The trustee sets investment strategy taking into account the Scheme's liabilities, the strength of the funding position and the trustee's appetite to risk, after taking appropriate investment advice. The trustee has allocated the Scheme's assets to a mix of asset classes, primarily bonds (fixed and index-linked gilts and other non-gilt bonds), but also other investments including (but not limited to) qualifying insurance policies, equities, infrastructure and property. Derivative contracts are used to manage a portion of the interest rate and inflation exposure of the liabilities and separately to manage exchange rate risk arising from the Scheme's investments outside of the UK.

Future cash flows:

Employer contributions expected to be paid to the Scheme in 2024 are £1,425k of which employer deficit funding contributions are £nil.

Under the Pension Act 2004, every UK defined benefit scheme is subject to a statutory funding objective which requires the scheme to hold sufficient and appropriate assets to cover it's "technical provisions". These provisions are determined at least every three years following agreement between the Company and the trustees of the scheme upon the assumptions to be used in the valuation. Assumptions agreed in this triennial process are not necessarily the same as those used in the annual IAS 19 calculations, where the Directors of the Company select the assumptions to be used.

Any technical provisions' shortfall arising is required to be remedied, and a recovery plan is agreed between the trustees and the Company, which will take into account financial and demographic factors for each scheme, as well as the financial strength (covenant) of participating employers. The timing and length of any recovery plan reflects the circumstances of each scheme, and results in a Schedule of Contributions which is signed by both Company and trustees (the employer contributions expected to be paid for the following year are stated above).

The effective date of the most recent triennial valuation for the Siemens Benefit Scheme was September 30, 2020.

A proportion of the employee contributions are made via a salary sacrifice arrangement. For the purposes of these disclosures, these notional employee contributions have been excluded from the service cost as have expected Age Related Rebates. They have also been excluded from the estimate of next year’s employer contributions set out above.

Expected pension benefit payments:

	September 30,
2024	157,502
2025	144,201
2026	152,601
2027	161,540
2028	170,282
2029-2033	913,522

Whilst this shows 10 years of payments, there are payments beyond this period.
The High Court case of Virgin Media Ltd v NTL Pension Trustees II Ltd & Ors has ruled that amendments to UK contracted out pension schemes' rules made between 6 April 1997 and 5 April 2016 are invalid and void if the correct actuarial confirmation was not received at the time. An appeal hearing is scheduled for 25 June 2024.
The Company is aware of this ruling and has liaised with the pension scheme's Trustee (and their legal and actuarial advisors) on this matter, given that some sections of the Siemens Benefits Scheme were contracted out. The Company has no reason to believe that the required actuarial confirmation would not have been provided at the time of past changes to the Rules during that period and that any amendments are therefore valid. The requirement for actuarial confirmation was well known and the Trustee, in combination with its legal and actuarial advisors, had robust processes in place. The amounts and disclosures in these financial statements have therefore been prepared on this basis. The Company will continue to monitor the case and liaise with the Scheme Trustees as appropriate.

Defined contribution plan

The Company participates in a defined contribution pension plan. The pension cost charge for the period represents contributions payable by the Company to the Scheme and amounted to £1,600k (2022: £1,546k).

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

20. Share capital

	2023	September 30, 2022
Authorised share capital		
75,000,000 of £1 each	**75,000**	75,000

Allotted, called up and fully paid:

	2023	September 30, 2022
51,944,523 (2022: 51,944,523) Ordinary Shares of £1 each	**51,945**	51,945

21. Commitments and contingencies

As of September 30, 2023, future payment obligations under non-cancellable operating leases for an office space in the Siemens Manchester office are as follows:

	2023 Total	2022 Total
Within one year	**40**	40
After one year but not more than five years	**-**	-

Total operating rental expense for the years ended September 30, 2023 and 2022 was £40k and £40k respectively.

22. Capital management

The primary objective of the Company's capital management is to ensure that it maintains sufficient capital in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions and strategic objectives. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or seek a capital injection from the parent company. No changes were made in the objectives, policies or processes during the years ended September 30, 2023 and 2022 with the business remaining adequately capitalised.

The Company monitors capital using a number of metrics including a gearing ratio, which is long term liabilities divided by equity plus long-term liabilities.

	2023	September 30, 2022
Long-term debt	**1,030,670**	906,299
Share capital	**51,945**	51,945
Reserves	**168,562**	166,038
Total equity	**220,507**	217,983
Gearing ratio	**82%**	81%

FOR THE YEAR ENDED SEPTEMBER 30, 2023 (in thousands of £)

The Company's policy is to review capital adequacy to ensure it reflects an adequately capitalised business with reference to the following:

- The credit quality of the portfolio;
- Operational risks existing within business channels; and
- Other identified risks including interest rate, foreign currency exchange and tax risk, concentrations, residual positions and sensitivity to changing legal, market and economic conditions.

This analysis is based on internal models utilising current credit metrics and Group policies consistently applied across the Group's financial services Sector. Capital adequacy will also be considered with regard to dividend policy and future growth expectations linked to the company's annual budgeting exercise to ensure it remains adequately capitalised for the foreseeable future.

23. Inventory

		September 30,
	2023	2022
Finished goods and goods for resale	**2,746**	6,966

During the year the company recognised £32,245k (2022: £58,404k) as cost of sale of leased assets (please see note 5).

24. Subsequent events

None noted.

25. Ultimate parent undertaking

The immediate parent company of Siemens Financial Services Limited is Siemens holdings Plc, which is incorporated and registered in the United Kingdom. The ultimate parent undertaking is Siemens AG, incorporated in Germany. Siemens AG is the only Group undertaking of which the Company is a member for which Group financial statements are prepared. Copies of the Group financial statements are available on the internet at http://www.siemens.com/annualreports or obtained from:

Siemens AG
Werner-von-Siemens-Strasse 1
D-80333 Munich
Germany