SIEMENS INDUSTRY SOFTWARE LIMITED
Annual report and financial statements
Registered number 03476850
September 30, 2023

COMPANY INFORMATION

Directors	B Holliday T Monaghan B Sheath
Registered Number	03476850
Registered Office	Pinehurst 2 Pinehurst Road Farnborough Hampshire GU14 7BF
Independent Auditor	Ernst & Young LLP R+ Building 2 Blagrave Street Reading RG1 1AZ

SIEMENS INDUSTRY SOFTWARE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2023

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The directors of Siemens Industry Software Limited ("the Company") present the annual report containing a strategic report, directors' report and the financial statements for the year ended September 30, 2023. In these financial statements, the terms 'Group' and 'Siemens' refer to the Company's ultimate parent undertaking, Siemens AG.

STRATEGIC REPORT

Principal activities

Siemens Industry Software Limited principal activities continued to be the sale and support of a wide portfolio of software and services, engaged in helping customers achieve digital transformation.

The combined software and services offering is now known as Xcelerator; a comprehensive, integrated portfolio of software, services and application development platforms designed to help companies of all sizes become digital enterprises.

General business review - Statement of Income

The performance in 2023 is in line with the expectations of the directors, and the directors believe the results for the year reflect the ongoing trading performance of the Company.

The Company made a net income for the financial year, net of taxation of £15,729k (2022: £17,313k).

The Company earns revenue from three primary sources: licence, maintenance and services. The key measures of the operational business are growth of these revenue streams. Total turnover for the year ended September 30, 2023 £166,690k (2022: £158,075k).

Operating costs for the same comparative 12 months period have increased 7% to £147,423k from £137,626k, which is primarily related to an increase in royalty expense in direct relation to revenue increase. The overall operating profit increased as compared to last year in relation to the revenue increase.

General business review - Statement of Financial Position

Overall, the balance sheet has decreased slightly with the net profit for the year of £15,729k offset by the £25,000k dividend paid in the year decreasing total equity to £46,591k (2022: £55,862k).

General business review – Statement of Cash Flows

Cash flows from operating activities show an inflow of £51,249k in the current year compared to an inflow of £19,262k in the prior year. The primary driver for the inflow relates to the changes in Contract assets in the year. The inflow is also due to a overall increase in current liabilities in the year.

Cash flows from investing activities have resulted in an outflow of £12,928k compared to £4,033k in the prior year. This is largely due to the acquisition of the trade and assets of Siemens Process Systems Engineering Limited for consideration of £12,881k.

Cash flows from financing activities show an outflow of £38,321k compared to £15,229k in the prior year. This outflow is mainly driven by an increase in Dividends paid for the year.

Analysis of Financial Key Performance Indicators

Siemens Industry Software Limited measures its performance on a number of key performance indicators, including revenue, profit from operations and net cash from operations as discussed above. In addition, new orders received are considered to be a key performance indicator.

New Orders Received

New orders received in the year remained at par as compared to the prior year.

Principal risks and uncertainties

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

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

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

1) the likely consequences of any decision in the long term;
2) the interests of the company's employees;
3) the need to foster the company's business relationships with suppliers, customers and others;
4) the impact of the company's operations on the community and the environment;
5) the desirability of the company maintaining a reputation for high standards of business conduct; and
6) the need to act fairly as between members of the company.

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

Employees

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

Engagement	Key topics, decisions and outcomes influenced by this stakeholder group
As a company, Siemens Industry Software Limited succeeds through its people. Fostering the health and performance of our employees as well as safeguarding their working conditions are core to the Company's social and business commitments.	Particular attention has been devoted to raising awareness of mental health issues. The Company does a lot of work to ensure employees feel equipped to cope with the mental stresses and strains of life. We are encouraging all people managers to attend Manager Mental health training, to enable managers to better identify mental health concerns and support their employees. Managers also have access to training offered by Zurich which includes topics such as legislation to support and manage mental wellbeing in the workplace, occupational burnout, menopause and supporting an ageing workforce. All UK employees also receive a £320 per annum wellness allowance to spend on activities or items to support their physical and mental wellbeing. Alongside this, we also have a group of Mental Health First Aiders who have received the MHFA training and are available to employees. Our MHFA team are developing a strategy to extend their scope and presence to the UK employees. Some parts of the business are also trialling "wellbeing days", a day focussed on allowing employees time to do something which benefits their health and wellbeing.
The views of our employees are critical in helping us to continually improve ourselves as an organisation, and regular employee engagement surveys enable us to both further understand our employees' perspectives and generate ideas which can benefit everyone.	Employees also have access to a confidential Employee Assistance Programme. Employees have many opportunities to learn about and influence Company decisions, including: ▶ The annual employee engagement survey and additional pulse wellbeing surveys ▶ Regular Town Hall meetings ▶ Regular employee townhalls with FAQs ▶ The intranet and a regular newsletter are used to communicate news of activities and initiatives going on in the Company

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

Customers, Suppliers and Business Partners

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

Engagement	Key topics, decisions and outcomes influenced by this stakeholder group
Customers are always at the centre of our thinking with regard to technology, innovation and how to best consult and support them. Our main goal is to establish ourselves as the partner of choice for our customers by fostering close and trusted partnerships. Siemens is part of the Buy Social Corporate Challenge, an initiative aimed at embedding positive social and environmental impact into everyday business spend. The UK Government-backed Challenge sees a group of businesses committed to collectively spend £1 billion by 2026 with social enterprise suppliers. As of 2023 the 30 corporate partners have achieved a cumulative spend of £354 million. As part of Siemens' commitment to the Challenge it has now included over 60 Social Enterprises into its supply chain, these range from recycled wood, hotels in London, coffee with Change Please and office supplies through WildHearts. Siemens is proud to be supporting the Social Value 2032 programme.	Siemens continues to collaborate and promote best practice with external organisations. Utilities and engineering bosses as well as Metro Mayors were among leaders to lend Siemens their voice on digital transformation for a new report published by Siemens, The Digital Transformation Imperative. The report explores how businesses can overcome major challenges with the help of digitalisation and found that more collaboration is needed across sectors like utilities, engineering and manufacturing as firms look to their peers to understand how they can meet ambitions like net-zero with the help of digital tools. Siemens has continued to keep its customers and suppliers informed of its ongoing supply chain resilience planning which has been overseen by the SLT to ensure business continuity. 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. To strengthen our DE&I approach within our Supply Chain we have driven a number of initiatives, examples include; we have this year partnered with MSDUK, the UK's leading supplier diversity advocacy organisation working for inclusion of ethnic minority businesses, we're working on the actions required in order to obtain accreditation to the Prompt Payment Code and are actively influencing our Supply Chain to adopt the Real Living Wage.

Communities and Environment

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

Engagement	Key topics, decisions and outcomes influenced by this stakeholder group
The Company supports the charitable endeavours of its employees and customers.	Siemens supports many organizations around the world through Sponsorships, Donations and Other Contributions. Memberships in various associations or contributions to certain groups and activities are an essential part of our Corporate Social Responsibility program, our leadership in industry initiatives and our programs to strengthen the Siemens brand. Employees can also make donations to a number of charities via monthly or one off payroll deductions to Charities Trust.

Government, Regulators and Trade Associations

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

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

The Siemens AG Group Companies

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

Engagement	Key topics, decisions and outcomes influenced by this stakeholder group
The strategic decisions of the Siemens AG Group influence the decisions taken by the Board which, in turn, adapts the Group strategy for the UK market taking into account UK customer and employee needs. The Directors and SLT have strong relationships with all key stakeholders across the wider Siemens Group to ensure the global strategy and expectations are understood and considered as part of the Company's strategic decisions in the UK.	The Board and SLT participates in Siemens forums and conferences at a global and UK level. Employees are able to join regular webinar updates given by Siemens management, with regard to the Company's strategy and performance. These take place at a global, country and business level. Dividend proposals are also a key decision made each year with the Board having regard to the ability of the Company to make a dividend taking into account, amongst other considerations, the needs of the parent company.

Approved by the board of directors on June 12, 2024 and signed on its behalf by

Sheath Ben
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B Sheath
Director

DIRECTORS' REPORT

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

B Holliday

T Monaghan (appointed 1 March 2024)

B Sheath

O Lewis (resigned 1 March 2024)

None of the directors holding office at September 30, 2023 had notified a beneficial interest in any contract to which the Company or its subsidiary undertakings were a party during the financial year.

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

DIVIDENDS

The directors approved a dividend payment in the year of £25m (2022: £15m).

RESEARCH AND DEVELOPMENT

The Company continues to invest in research and development in the UK. During the year, the Company received a net credit of £3,928k (2022: expense £366k) on research and development.

INTELLECTUAL PROPERTY

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

FINANCIAL INSTRUMENTS

Siemens Industry Software Limited's financial risk management objectives and policies, including the exposure to market risk, credit risk and liquidity risk are set out in note 24 to the financial statements.

SUBSEQUENT EVENTS

There were no significant events after the reporting period.

GOING CONCERN

The Directors have prepared a going concern assessment and cash flow projections for the business. The current trading is in line with the updated forecasts and the valuation of assets and liabilities are not expected to have an adverse impact in the short term. The Directors do not foresee any future impact on the ongoing trading performance of the Company. The Directors expect the business to operate under profitable conditions for the foreseeable future with limited cashflow implications on the business and have assessed the potential impact on its business in the short term to be manageable.

The directors have also considered additional risks related to current economic and political climate and do not foresee any significant impact on its business in the light of current assessment. This view is underpinned by business continuity planning, risk management and an integrated internal control framework. Nonetheless, the Directors acknowledge the long-term view remains a challenge and continue to monitor developments and prepare accordingly. Based on the Company's cash flow forecasts up until 30 June 2025, the directors consider that the Company will trade profitably and generate positive cash flows from operations. In addition to the base cashflow forecasts management have performed a reverse stress test to consider the level of downturn required for the Company to extinguish their liquid funds. The level of reduction is deemed to be implausible based on forecast and historic performance. This was considered prior to any mitigating actions which management would also implement in this unlikely scenario.

The directors believe there is sufficient liquidity available to cover any severe downturn scenario, accordingly the directors have a reasonable expectation that the Company has adequate resources to adopt the going concern basis of preparation for the financial statement.

STREAMLINED ENERGY & CARBON REPORTING (SECR)

	2023	2022
Energy consumption used to calculate emissions: kWh	2,326,060	1,153,198
Gas Consumption (kWh)	70,856	60,606
Electricity Consumption (kWh)	1,426,169	567,399
Transport fuel (kWh)	829,035	525,193
Emissions from combustion of gas tCO2e (Scope 1)	19	11
Emissions from combustion of fuel for transport purposes tCO2e (Scope 1)	4	0
Emissions from business travel in rental cars or employee -owned vehicles where company is responsible for purchasing the fuel tCO2e (Scope 3)	226	130
Emissions from purchased electricity tCO2e (Scope 2, location -based)	294	114
Emissions from purchased electricity tCO2e (Scope 2, market -based)	169	85
Total gross tCO2e based on above	543	255
Intensity ratio: tCO2e gross figure based from mandatory fields above/ £100,000 turnover	0.326	0.161

Methodology

All the SECR data requirements for unquoted 'large' companies have been met and the energy consumption and emissions are reported above. This includes UK consumption of electricity, gas and transport fuels where the company is responsible for the fuels.
The methodology used to calculate emissions is the WBCSD/WRI Greenhouse Gas Protocol: a corporate accounting standard: revised edition.
UK Government greenhouse gas emissions conversion factors for 2023 have been applied. An operational control approach has been taken.
Scope 2 emissions from purchased electricity have been calculated using the location-based and market-based approaches.

Energy Efficiency Action:

Siemens continues on its journey to Net Zero in line with its 1.5C aligned science-based targets and commitments it has made to EV100, EP100 and RE100.
This year the business has continued it’s focus on fleet decarbonisation activities with the introduction of a Salary Sacrifice ULEV scheme. Additionally, we have introduced further incentives on the ULEV Company Car scheme to increase participation, therefore allowing us to work towards our road to zero initiative. These schemes allow us to work towards the goal that all miles driven for business will be carbon neutral.
Further information on our approach to Sustainability can be found at new.siemens.com/uk/en/company/sustainability.html
* Relates to the broader group of Siemens Industry Software businesses.

GROUP POLICIES

Employee engagement

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

Environmental

As a leading global company, Siemens has a responsibility to comply with the highest ethical and legal standards while protecting the environment and benefiting society as a whole. These principles are embedded in our DEGREE ESG framework, the environmental elements of which focus on Decarbonisation and Resource Efficiency. Through Siemens Eco Efficiency programme, the Company drives its ambition levels around three pillars: Responsible Product Development (including Robust Eco Design), Clean Supply Chain (including purchase of recycled materials) and Efficient Own Operations (covering energy efficiency and waste hierarchy shift). The business has set science based (SBTi) carbon reduction targets and remains focused on continual improvements in energy efficiency. By moving waste up the waste hierarchy and eliminating waste where possible, the organisation is embedding circular economy principles in the way it does business. In addition to our long-term Eco Efficiency programme and the DEGREE framework, we also look at how we can improve our environmental impact through our onsite biodiversity initiatives.

There are a number of initiatives, such as Siemens STAR Awards, which recognises and rewards contribution to Siemens ownership culture covering Living Our Values, Doing What Matters, Taking The Lead and Working Together.

Equal opportunities

We aim to create an equal work environment for everyone. We will not discriminate against anyone due to a characteristic, recognising the specific legislative protected characteristics, age, disability, sex, gender, gender reassignment, sexual orientation, marriage or civil partnership, maternity or pregnancy, race, religion, or belief. In addition, it is against the law to prejudice a person in any way because of a spent conviction, unless it is for safeguarding needs. As well as the legislative requirements, we additionally seek to create equality for all individuals irrespective of diverse backgrounds and experience such as socio-economic background, family status and caring responsibilities, trade union membership and education level. We aim to create equal access to opportunities and promoting fairness and use positive action to overcome any disadvantage that an individual or group may inherently have owing to discrimination or bias, and the provision of reasonable adjustments to support them in conducting their role. We are committed to maintaining a diverse workforce at every stage of their employment. This refers to recruitment, selection, and training; promotion, transfer and pay; terms and conditions of employment, including grievance and disciplinary procedures; training and development; termination of employment, including dismissal, redundancy, or retirement.

Business Stakeholders

Business relationships with the customers, suppliers, and other business partners are fundamental to Siemens. The Group maintains business relationships only with reputable partners who comply with the law. The Group protects the interests of its customers through the careful selection of suppliers and other business partners and through the standards set for its own actions. The Group only works with suppliers who are prepared to eliminate problems or implement risk reduction measures. That is why the Group cooperates with excellent partners worldwide. We support all our suppliers through our "Sustainability in the Supply Chain" and " Code of Conduct for Siemens Suppliers and Third-Party Intermediaries" brochures, and the basis of all our supplier relationships is the commitment of our suppliers to observe the principles of the code. In addition, we explicitly encourage them to extend these values further into their own supply chain to create a network of interactions and business relations that are built on trust. As well as reflecting our Siemens Group Business Conduct Guidelines, our supplier code is based on the UN Global Compact and principles of the International Labour Organisation.

POLITICAL DONATIONS

The Company did not make any political donations 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

Ernst & Young LLP have notified the directors that they will not be seeking re-appointment. In accordance with s485 of the Companies Act 2006, a shareholder resolution for the appointment of PricewaterhouseCoopers LLP as auditor of the Company is to be proposed.

Approved by the board of directors on June 12, 2024 and signed on its behalf by

Sheath Ben

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B Sheath
Director

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

YEAR ENDED 30 SEPTEMBER 2023

The directors are responsible for preparing the annual report and financial statements in accordance with applicable laws in the United Kingdom. Under Company Law the directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards ("IAS") and applied in accordance with the requirements of the Companies Act 2006.

Under Company Law the directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Company for that period. In preparing the financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK adopted IAS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state that the Company has complied with UK adopted IAS in conformity with the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Under applicable law and regulations the directors are also responsible for preparing a strategic report and directors report that comply with the law and those regulations.

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

Opinion

We have audited the financial statements of Siemens Industry Software Limited for the year ended 30 September 2023 which comprise the Statement of Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 31, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

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 UK adopted international accounting standards; 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 to 30th June 2025.

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.

Opinion 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 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (International Accounting Standards in conformity with the requirements of the Companies Act 2006) and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the company has to comply with laws and regulations including health and safety, employees, data protection and anti-bribery and corruption.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of management and those charged with governance. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements and accounts with all applicable requirements.
- We understood how Siemens Industry Software Limited is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We corroborated our enquiries through our review of board minutes, and we noted no such contradictory evidence.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through internal team conversations and inquiry of management and those charged with governance. Through these procedures we determined there to be a risk of management override on journal entries, a fraud risk around revenue recognition in particular revenue recognition around the year end date for license, maintenance and service revenue. We performed walkthroughs of significant classes of revenue transactions to understand significant processes and identify and assess the design effectiveness of key controls. For management override, we used data analytics to sample from the

entire population of journals, identifying specific transactions which did not meet our expectations based on specific criteria which we investigated further to gain an understanding of the transaction and agree to source documentation ensuring appropriate authorisation of the transactions. For the revenue recognition risk, we selected a sample of revenue transactions around the year end date and performed detailed testing, including agreeing to source documentation such as invoices, proof of delivery, contracts and subsequent customer payments to validate that the revenue had been recognised appropriately and in the correct period. Additionally, we have specifically selected samples from the accrued revenue as at year-end and performed detailed testing in line with the revenue procedures above. We also specifically selected samples from the deferred revenue as at year-end and performed detailed testing, including agreeing to source documentation such as invoices and contracts to validate appropriate recognition and deferral as at year-end.

- We have further assessed the susceptibility of the company's financial statements to material misstatement though the valuation of goodwill at formation. We performed a walkthrough to understand the process for calculating goodwill and to identify and assess the design effectiveness of key controls. We challenged the assessment and recalculated the cashflows to ensure clerical accuracy; we validated on a sampling basis the material acquired assets and liabilities; inspected the purchase agreement and inspected evidence of payment.

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

Use of our report

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

Ernst & Young LLP

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

Date: 13 June 2024

SIEMENS INDUSTRY SOFTWARE LIMITED

STATEMENT OF INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2023 and 2022 (in thousands of £)

	Note	2023	2022
Revenue	4	**166,690**	158,075
Cost of sales		**(101,136)**	(90,291)
Gross profit		**65,554**	67,784
Research and development credit / (expenses), net		**3,928**	(366)
Marketing and distribution expenses		**(46,619)**	(40,515)
Administrative expenses		**(2,984)**	(6,303)
Other operating expenses	6	**(612)**	(151)
Operating profit	5	**19,267**	20,449
Interest income	9	**2,077**	216
Interest expenses	9	**(1,142)**	(498)
Other financial income, net		**1,557**	1,211
Income from continuing operations before income taxes		**21,759**	21,379
Income tax expense	10	**(6,030)**	(4,065)
Income from continuing operations, net of income taxes		**15,729**	17,313
Net income for the financial year		**15,729**	17,313

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

SIEMENS INDUSTRY SOFTWARE LIMITED

STATEMENT OF FINANCIAL POSITION

AS OF 30 SEPTEMBER 2023 AND 2022 (in thousands of £)

	Note	2023	2022
ASSETS			
Trade and other receivables	11	**50,045**	50,155
Other current financial assets		**404**	110
Contract assets	12	**14,772**	20,273
Other current assets	13	**4,114**	2,690
Total current assets		**69,335**	73,228
Goodwill	14	**35,576**	30,470
Other intangible assets	15	**141**	73
Property, plant and equipment	16	**10,794**	8,060
Investments	17	**2,167**	2,167
Other financial assets	24	**348**	133
Deferred tax assets	10	**705**	1,258
Other assets		**10**	864
Total non-current assets		**49,741**	43,026
Total assets		**119,076**	116,254
LIABILITIES AND EQUITY			
Short-term debt	27	**3,498**	2,531
Trade and other payables	18	**10,093**	13,859
Other current financial liabilities		**780**	306
Contract liabilities	12	**28,312**	17,549
Current income tax liabilities		**922**	4,484
Other current liabilities	19	**24,683**	18,794
Total current liabilities		**68,288**	57,523
Long-term debt	27	**3,256**	2,821
Provisions	21	**198**	-
Other liabilities		**55**	49
Other financial liabilities	24	**689**	-
Total non-current liabilities		**4,198**	2,870
Total liabilities		**72,486**	60,393

	Note	2023	2022
Equity			
Share capital	22	**8,393**	8,393
Capital contribution reserve		**208**	208
Retained earnings		**37,990**	47,261
Total equity		**46,591**	55,862
Total liabilities and equity		**119,076**	116,254

These financial statements were approved and authorised for issue by the board of directors on June 12, 2024 and were signed on their behalf by:

Monaghan Teresa
Digitally signed by Monaghan Teresa
DN: cn=Monaghan Teresa, c=DE, o=Siemens, email=teresa.monaghan@siemens.com
Date: 2024.06.12 16:17:32 +01'00'

T Monaghan
Director

SIEMENS INDUSTRY SOFTWARE LIMITED

STATEMENT OF CASH FLOWS

For the year ended 30 September 2023 and 2022 (in thousands of £)

	Note	**2023**	2022
Cash flows from operating activities			
Net income for the financial year		**15,729**	17,313
Adjustments to reconcile net income to cash flows from operating activities			
Depreciation and amortisation	5, 15, 16	**5,077**	3,587
Income tax expenses	10	**6,030**	4,065
Interest (income) / expenses, net	9	**(935)**	282
Dividends received		**(1,751)**	(1,211)
Net foreign exchange differences		**2,704**	(3,117)
Losses on disposal of property, plant and equipment, net	6	**1**	1
Operating profit before changes in working capital and provisions		**26,855**	20,920
Changes in assets and liabilities			
Inventories		**-**	13
Contract assets		**11,777**	(8,222)
Trade and other receivables		**4,482**	8,892
Other current assets		**(229)**	(468)
Trade payables and accrued expenses		**4,446**	(715)
Contract liabilities		**6,119**	4,029
Current provisions		**-**	(239)
Other current liabilities		**1,347**	(1,791)
Long term assets		**639**	(480)
Long term liabilities		**694**	(38)
Cash generated from operations		**56,130**	21,901
Research and Development tax credit		**(1,214)**	(1,151)
Income taxes paid		**(4,604)**	(1,206)
Interest received / (paid)		**937**	(282)
Cash flows from operating activities – continuing operations		**51,249**	19,262
Cash flows from investing activities			
Additions to intangible assets and property, plant and equipment	15, 16	**(1,796)**	(1,896)
Disposal of intangibles and property, plant and equipment	15, 16	**(2)**	(53)
Purchase of trade and assets of other entities	3	**(12,881)**	(3,295)
Dividends received		**1,751**	1,211
Cash flows used in investing activities – continuing operations		**(12,928)**	(4,033)
Cash flows from financing activities			
Change in financing from other group companies	18	**(9,564)**	2,566
Dividends paid	31	**(25,000)**	(15,000)
Repayment of lease liabilities	27	**(3,757)**	(2,795)
Cash flows used in financing activities – continuing operations		**(38,321)**	(15,229)

SIEMENS INDUSTRY SOFTWARE LIMITED

STATEMENT OF CASH FLOWS

For the year ended 30 September 2023 and 2022 (in thousands of £)

Change in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-

Siemens AG operates a cash pooling facility across its worldwide group. Cash balances generated by entities are passed to Siemens AG and companies are able to draw down on these facilities if required. Therefore, apart from any accounts held with local banks, amounts invested with/drawn down from the Siemens AG accounts are shown as an intercompany balance. Changes in the balances on these facilities are included in cash flows from financing activities in the Statement of Cash Flows. An increase in cash that is loaned to the cash pool is shown as a cash outflow from financing activities, and an increase in cash borrowed from the cash pool is shown as a cash inflow from financing activities.

Also included within the change in financing from other group companies are the balances due from other group companies arising from the sale of investments and goodwill and receipt of dividends, as well as loans to other group companies.

SIEMENS INDUSTRY SOFTWARE LIMITED

STATEMENT OF CHANGES IN EQUITY
For the years ended 30 September 2023 and 2022 (in thousands of £)

	Share capital	Capital contribution reserve	Retained earnings	Total equity
Brought forward October 1, 2021	8,393	208	44,947	53,548
Net income for the financial year	-	-	17,313	17,313
Total comprehensive income for the financial year	-	-	17,313	17,313
Equity settled share based payments	-	1,374	-	1,374
Recharge from ultimate parent undertaking	-	(1,374)	-	(1,374)
Dividends to equity holders	-	-	(15,000)	(15,000)
Balance at September 30, 2022	8,393	208	47,261	55,862
Brought forward October 1, 2022	**8,393**	**208**	**47,261**	**55,862**
Net income for the financial year	**-**	**-**	**15,729**	**15,729**
Total comprehensive income for the financial year	**-**	**-**	**15,729**	**15,729**
Equity settled share based payments	**-**	**1,649**	**-**	**1,649**
Recharge from ultimate parent undertaking	**-**	**(1,649)**	**-**	**(1,649)**
Dividends to equity holders	**-**	**-**	**(25,000)**	**(25,000)**
Balance at September 30, 2023	**8,393**	**208**	**37,990**	**46,591**

Capital contribution reserve

Certain directors and senior managers of the Company are eligible for share options and stock awards and all employees are eligible to join the share matching plan in the ultimate parent undertaking, Siemens AG. These share options are awarded directly by the ultimate parent undertaking, who requires the Company to make a payment (equal to the fair value of the options at grant date or the costs incurred by the ultimate parent undertaking, depending on the grant date) to reimburse it for the granting of these rights. The capital contribution reserve is used to recognise the Company's share-based payment expense in respect of the share matching plan. The payments made to Siemens AG are deducted from this reserve to the extent that the costs have already been recognised. Any additional payments are charged directly to the Statement of Income. Further details in respect of share-based payment plans are available in note 23.

1. Basis of presentation

The accompanying financial statements present the operations of Siemens Industry Software Limited ("the Company) and have been prepared and approved by the directors in accordance with International Accounting Standards ('IASs') in conformity with requirements of the Companies Act 2006. The financial statements were authorised for issue by the Board of Directors on June 12, 2024. The financial statements are generally prepared on the historical cost basis, except as stated in note 2.

The Company has prepared and reported its financial statements in Great British Pounds (GBP or £) and the financial information is disclosed in thousands of £, except where stated otherwise. 'k' denotes thousands of £ and 'm' denotes millions of £. Due to rounding, numbers presented may not add up precisely to totals provided. The Company is a United Kingdom based company incorporated in England and Wales and is engaged in PLM (Product Lifecycle Management), MES (Manufacturing Execution Systems) and CIS (Comos Industry Solutions) Software business units.

The Company applied all standards and interpretations issued by the International Accounting Standards Board ('IASB') that were effective as of September 30, 2023. 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's business activities together with the factors likely affecting its future development are described in the Strategic report.

Going Concern

The Directors have prepared a going concern assessment and cash flow projections for the business. The current trading is in line with the updated forecasts and the valuation of assets and liabilities are not expected to have an adverse impact in the short term. The Directors do not foresee any future impact on the ongoing trading performance of the Company. The Directors expect the business to operate under profitable conditions for the foreseeable future with limited cashflow implications on the business and have assessed the potential impact on its business in the short term to be manageable.

The directors have also considered additional risks related to current economic and political climate and do not foresee any significant impact on its business in the light of current assessment. This view is underpinned by business continuity planning, risk management and an integrated internal control framework. Nonetheless, the Directors acknowledge the long-term view remains a challenge and continue to monitor developments and prepare accordingly. Based on the Company's cash flow forecasts up until 30 June 2025, the directors consider that the Company will trade profitably and generate positive cash flows from operations. In addition to the base cashflow forecasts management have performed a reverse stress test to consider the level of downturn required for the Company to extinguish their liquid funds. The level of reduction is deemed to be implausible based on forecast and historic performance. This was considered prior to any mitigating actions which management would also implement in this unlikely scenario.

The directors believe there is sufficient liquidity available to cover any severe downturn scenario, accordingly the directors have a reasonable expectation that the Company has adequate resources to adopt the going concern basis of preparation for the financial statement.

2. Summary of significant accounting policies and critical accounting estimates

Business combinations — Business combinations (other than those from Siemens group companies) are accounted for under the acquisition method. **Siemens Industry Software Limited** as the acquirer and the acquiree may have a relationship that existed before they contemplated the business combination, referred to as a pre-existing relationship. If the business combination in effect settles a pre-existing relationship, **Siemens Industry Software Limited** as the acquirer recognises a gain or loss for the pre-existing relationship. The cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of exchange. Any contingent consideration to be transferred by **Siemens Industry Software Limited** as the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured; subsequent settlement is accounted for within equity. Acquisition-related costs are expensed in the period incurred. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Non-controlling interests are measured at the proportional fair value of assets acquired and liabilities assumed (partial goodwill method). If there is no loss of control, transactions with non-controlling interests are accounted for as equity transactions not affecting profit and loss. At the date control is lost, any retained equity interests are remeasured to fair value.

Business integrations from Siemens group companies are accounted for either:

- at cost in the acquiring company and goodwill is only recorded by the acquiring company if the goodwill was already an asset on the acquired company's Statement of Financial Position, or if the goodwill value was previously included in the carrying value of the acquiring company's investment in the subsidiary undertaking from which the trade has been purchased.

- at the fair value of the assets acquired and liabilities incurred or assumed at the date of exchange ('fair value'). Goodwill is recorded by the acquiring company as the difference between the fair value and the consideration paid to the selling company.

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

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

Sales from construction-type contracts: Revenues are recognised over time under the percentage-of-completion method, based on the percentage of costs incurred to date compared to total estimated costs. An expected loss on the contract is recognised as an expense immediately. Payment terms are usually 30 days from the date of invoice issued according to the contractual terms.

The percentage-of-completion method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These significant estimates include total estimated costs, total estimated revenues, contract risks, including technical, political and regulatory risks, and other judgments. Under the percentage-of-completion method, changes in estimates may lead to an increase or decrease of revenue. In addition, Siemens needs to assess whether the contract is expected to continue or to be terminated. In determining whether the continuation or termination of a contract is expected to be the most likely scenario, all relevant facts and circumstances relating to the contract are considered on an individual basis. *(if applicable)*

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

Sale of goods: Revenues are recognised at a point in time when control of the goods passes to the buyer, usually upon delivery of the goods. Invoices are issued at that point in time and are usually payable within 30 days. For licensing transactions granting the customer a right to use Siemens' intellectual property, payment terms are usually 30 days from the date of invoice issued according to the contractual terms.

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

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

Research and development costs — Costs of research activities are expensed as incurred.

Costs for development activities are capitalised when the recognition criteria in IAS 38 are met. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses with an amortisation period of generally three to ten years.

Investments — Investments are stated at their historic cost to the Company less provisions for any impairment. The determination of the recoverable amount of an investment involves the use of estimates by management. The Company uses discounted cash flow-based methods applied to the cash-generating unit underlying the investment. These discounted cash flow calculations typically use five-year projections that are based on the financial plans. Cash flow projections take into account past experience and represent management's best estimate about future developments. Cash flows after the planning period are extrapolated using individual growth rates. Key assumptions which management has based its determination of fair value less costs to sell and value in use include estimated growth rates, weighted average cost of capital and tax rates. These estimates, including the methodology used, can have a material impact on the values and ultimately the amount of any investment impairment. For further explanation of the investment impairment testing in the period see note 17.

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

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

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

The determination of the recoverable amount of a cash-generating unit or a group of cash-generating units to which goodwill is allocated involves the use of estimates by management. The outcome predicted by these estimates is influenced e.g. by the successful integration of acquired companies, volatility of capital markets, interest rate developments, foreign exchange rate fluctuations and the outlook on economic trends. In determining recoverable amounts, discounted cash flow calculation use five-year projections that are based on financial forecasts. Cash flow projections take into account past experience and represent management's best estimate about future developments. Cash flows after the planning period are extrapolated using individual growth rates. Key assumptions on which management has based its determination of fair value less costs to sell and value in use include estimated growth rates and weighted average cost of capital. These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any goodwill impairment. See note 14 for further information.

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

Factory and office buildings	20 to 50 years
Other buildings	5 to 10 years
Technical machinery & equipment	generally 10 years
Furniture & office equipment	generally 5 years
Equipment leased to others	generally 3 to 7 years

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

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

Income taxes — The Siemens Group operates in various tax jurisdictions and therefore has to determine tax positions under respective local tax laws and tax authorities' views which can be complex and subject to different interpretations of tax payers and local tax authorities.

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 can be uncertain and partly beyond management's control, specific assumptions may be 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.

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

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.

Financial instruments — A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company does not use the category held to maturity and does not use the option to designate financial assets or financial liabilities at fair value through profit or loss at inception (Fair Value Option). Based on their nature, financial instruments are classified as financial assets and financial liabilities measured at cost or amortised cost and financial assets and financial liabilities measured at fair value and as receivables from finance leases. For additional information refer to note 24.

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:

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 25. Valuation allowances are not recognised when the gross carrying amount is sufficiently collateralised. Probabilities of default are mainly derived from rating grades determined by SFS. A simplified approach is used to assess expected credit losses from trade receivables, lease receivables and contract assets by applying their lifetime expected credit losses. The valuation allowance for loans and other long-term debt instruments primarily held at SFS is measured according to a three-stage impairment approach:

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

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

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

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

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

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*.

Leases

Leases in which the Company is the lessee: For any new contracts entered into on or after 1 January 2019, 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 three 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

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

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

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

Leases in which the Company is the lessor: The Company's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Extension options for leases: When the entity has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

Pension costs

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

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

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

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

New and amended standards effective for the year ended 30 September 2023:

References to the Conceptual Framework - Amendments to IFRS 3

In 2018, the IASB issued a revised Conceptual Framework and most references to the Framework included in IFRS Standards were updated to the 2018 Conceptual Framework at that time. However, one paragraph of IFRS 3 continued to refer to the 1989 Framework, as updating this paragraph could have caused conflicts for entities applying IFRS 3.

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the IASB adds to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022, however there was no impact on transition.

Proceeds before Intended Use - Amendments to IAS 16

IAS 16 specifies that directly attributable costs include the costs of testing whether an asset is functioning properly, after deducting the net proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Entities had applied the requirements in IAS 16 differently-some entities deducted only proceeds from selling items produced while testing, others deducted all sales proceeds until the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management (i.e. available for use). For some entities, the proceeds deducted from the cost of an item of property, plant and equipment could be significant and could exceed the costs of testing

The IASB decided to amend IAS 16 to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The IASB also decided to clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are effective for annual periods beginning on or after 1 January 2022, however there was no impact on transition.

Onerous Contracts - Cost of Fulfilling a Contract - Amendments to IAS 37

IAS 37 does not give any guidance on which costs an entity considers in assessing whether a contract is onerous. For some contracts, differing interpretations of the onerous contract requirements in IAS 37 could have a material effect on entities that enter into those contracts.

The IASB decided to amend IAS 37 by specifying that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after 1 January 2022, however there was no impact on transition

Annual Improvements to IFRS Standards 2018-2020Cycle - Amendments to IFRS 1, IFRS 9, IFRS 16

Paragraph D16(a) of IFRS 1 First-time Adoption of International Financial Reporting Standards allows subsidiaries that become a first-time adopter later than its parent to measure its assets and liabilities at the carrying amounts that would be included in the parent's consolidated financial statements. The amendment extends this relief to the cumulative translation differences for all foreign operations. For those, the subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a). The amendment is effective for annual periods beginning on or after 1 January 2022, however there was no impact on transition.

IFRS 9 Financial Instruments requires an entity to derecognise a financial liability and recognise a new financial liability when there is an exchange between an existing borrower and the lender of debt instruments with substantially different terms (including a substantial modification of the terms of an existing financial liability or part of it). The terms are substantially different if the discounted present value of the remaining cash flows under the new terms are at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability ('10 per cent' test). The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is effective for annual periods beginning on or after 1 January 2022, however there was no impact on transition.

New standards and interpretations not yet adopted:

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended September 30, 2023, and have not been applied in preparing these financial statements. Those standards that have relevance to the Company are mentioned below:

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1

In January 2020, amendments were issued to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments will be effective for years beginning after 1 January 2024, however the Company is not expecting any material impact by these amendments on transition.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies

  And

- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments will be effective for years beginning after 1 January 2023, however the Company is not expecting any material impact by these amendments on transition.

Definition of Accounting Estimates -Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments will be effective for years beginning after 1 January 2023, however the Company is not expecting any material impact by these amendments on transition.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the IASB issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments will be effective for years beginning after 1 January 2023, however the Company is not expecting any material impact by these amendments on transition.

Lease Liability in a Sale and Leaseback - Amendments to IFRS 16

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments will be effective for annual periods beginning on or after 1 January 2024, however the Company is not expecting any material impact by these amendments on transition.

Insurance Contracts - Amendments to IFRS 17

After concerns raised by stakeholders, in June 2020 the IASB issued 'Amendments to IFRS 17 (the Amendments). The aim of the amendments is to address these concerns and help entities to more easily transition and implement the Standard.

The main changes are:

- Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023
- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.
- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination.
- Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.
- Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.
- Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held.
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.
- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.
- Several small amendments regarding minor application issues.

The amendment is effective for annual reporting periods beginning on or after 1 January 2023, however the Company is not expecting any material impact by these amendments on transition.

Lack of Exchangeability – Amendments to IAS 21

In August 2023, the IASB issued Lack of Exchangeability (Amendments to IAS 21). The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. If exchangeability is lacking, an entity should estimate the spot exchange rate at the measurement date reflecting the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments will be effective for annual reporting period beginning on or after 1 January 2025. Early adoption is permitted. The Company is not expecting any material impact by this amendment on transition.

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 income taxes. The amendments clarify that IAS 12 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 this amendment on transition.

For the years ended 30 September 2023 and 2022 (in thousands of £)

3. Acquisitions and discontinued operations

Trade and asset acquisitions of group companies

The Company acquired the trade and assets of the following group company during the financial years ending September 30, 2023 and September 30, 2022:

Name of company acquired from	Date of acquisition	
Siemens Process Systems Engineering Limited	July 1, 2023	Digital Industry
Siemens Industry Software Computational Dynamics Limited	August 1, 2022	Digital Industry

The principal activities of the Siemens Process Systems Engineering Limited are the research, development and manufacture of software and the distribution of software. With these acquisitions, Siemens want to simplify the organisation, align the management responsibility to achieve further synergies. Goodwill was recognised as a result of the acquisition of the trade and assets of Siemens Process Systems Engineering Limited in 2023:

	Year ended 30 September, 2023
Cash and cash equivalents	1
Trade and other receivables	2,052
Contract assets	6,277
Property, plant and equipment	990
Amounts owed by group undertakings	974
Current income tax asset	3,034
Deferred tax asset	182
Other current financial assets	308
Other current assets	1,179
Other intangible assets	22
	15,019
Trade payables	563
Contract liabilities	4,644
Provisions	198
Other current liabilities	1,839
	7,244
Net identifiable assets	7,775
Consideration	12,881
Goodwill	5,106

For the year ended September 30, 2023 the above net identifiable assets and liabilities are valued at acquisition at fair value (based on book values where appropriate). Consideration for the trade and assets acquired from group companies were settled via intercompany accounts or cash.

For the years ended 30 September 2023 and 2022 (in thousands of £)

4. Revenue

Revenue is earned from the business category of Digital Industries.

Timing of revenue recognition
The transaction price allocated to the remaining performance obligations (Unsatisfied or partially satisfied) as at 30 September 2023 are, as follows:

	2023		2022	
	Within one year	More than one year	Within one year	More than one year
License	56,352	41,816	6,507	22,571
Maintenance	22,309	7,720	18,539	6,219
Services	-	-	1,115	-
Other	-	-	398	-
	78,661	49,536	26,559	28,790

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. Other includes mainly Hardware still to be delivered.

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

	Year ended September 30,	
	2023	2022
Net foreign exchange loss / (gains)	**3,208**	(3,991)
Research and development (income) / costs	**(3,928)**	366
Depreciation of property, plant and equipment (see note 16)	**5,030**	3,555
Amortisation of intangible assets (see note 15)	**47**	32
Staff costs (see note 7)	**124,598**	97,324
Research and Development Expenditure Credit	**(1,559)**	(1,151)
Grants received	**(400)**	(401)
Auditor's remuneration:		
- audit of financial statements	**130**	(104)

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

6. Other operating expense

	Year ended September 30,	
	2023	2022
Loss on disposal of property, plant and equipment and intangibles	**(1)**	(1)
Other	**(611)**	(150)
	(612)	(151)

For the years ended 30 September 2023 and 2022 (in thousands of £)

7. Staff numbers and costs

	Year ended September 30, 2023	2022
Wages and salaries	**101,709**	78,168
Social security costs	**14,442**	13,133
Expenses relating to pension plans and employee benefits	**8,447**	6,023
	124,598	97,324

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

The average number of employees (including executive directors) during 2023 and 2022 was 1,124 and 887, respectively (based on continuing operations). Part-time employees are included on a proportionate basis rather than being counted as full units. The employees were engaged in the following activities:

	Year ended September 30, 2023 Number	2022 Number
Manufacturing and services	**251**	176
Sales and marketing	**402**	328
Research and development	**471**	383
	1,124	887

8. Directors' emoluments

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

	Year ended September 30, 2023	2022
Emoluments receivable	**438**	393
Employer contributions to money purchase schemes	**59**	52
	497	445

One of the Company's directors was remunerated by a fellow subsidiary company, Siemens plc, during the year. The directors do not believe that it is practicable to apportion their qualifying services between their services as director of the Company and their service as employee of the fellow subsidiary company. The aggregate of emoluments and amounts receivable under long-term incentive schemes of the highest paid director was £372,721 (2022: £293,074). At the year end two directors are members of the defined contributions scheme. None of the directors are members of a defined benefit scheme. Two of the directors have qualifying services shares receivable from a long-term incentive scheme. Share-based payments are described in note 23.

For the years ended 30 September 2023 and 2022 (in thousands of £)

9. Interest income and interest expense

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

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

	Year ended September 30, 2023	2022
Interest income	**2,079**	263
Interest income - negative income on financial assets	**(2)**	(47)
Interest income, net	**2,077**	216
Interest expense	**(1,142)**	(498)
Interest expense, net	**(1,142)**	(498)
Thereof: Interest expense of operations, net	**(2)**	(47)
Thereof: Other interest expense, net	**937**	(235)

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

Interest expense of operations, net includes interest income and expense arising directly from operating activities primarily related to receivables from customers and payables to suppliers, interest on advances from customers and advanced financing of customer contracts. It also includes interest income from financing agreements within the context of construction contracts and interest income and expense primarily related to discontinuing of long term provision, finance lease interest, receivables from customers and payables to suppliers. *Other interest expense, net* includes all other interest amounts primarily consisting of interest relating to corporate debt and related hedging activities, as well as interest income on corporate assets.

10. Taxes

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

	Year ended September 30, 2023	2022
Current tax:		
UK corporation tax	**4,026**	3,776
Foreign income taxes	**692**	751
Adjustments for prior years	**575**	(157)
	5,293	4,370
Deferred tax:		
Origination and reversal of temporary differences - current year	**484**	21
Origination and reversal of temporary differences - prior years	**253**	(326)
	737	(305)
Tax expense	**6,030**	4,065

Of the deferred tax expense in 2023 and the deferred tax credit in 2022, £737k and £(305)k, respectively, relate to the origination and reversal of temporary differences.

For the years ended 30 September 2023 and 2022 (in thousands of £)

For the year ended September 30, 2023 the Company was subject to UK corporation tax at a rate of 22% (2022: 19%). The total tax expense or credit differs from the amounts computed by applying the statutory UK tax rate as follows:

	Year ended September 30, 2023	2022
Net income before tax (Continuing operations)	**21,758**	21,379
Tax at 22% (2022: 19%)	**4,787**	4,062
Increase / (decrease) in income taxes resulting from:		
Non-deductible losses and expenses	**(183)**	(113)
Research and development tax credit	**(1)**	(13)
Under / (over) provided in prior years - deferred tax	**254**	(326)
Under / (over) provided in prior years - current tax	**575**	(157)
Irrecoverable foreign tax	**540**	608
Rate change adjustment difference between Corporation Tax and Deferred Tax rate	**58**	5
Total income tax expense for the year	**6,030**	4,065

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

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

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

	September 30, 2023	2022
Deferred tax assets:		
Other intangible assets	**16**	-
Property, plant and equipment	**9**	720
Pension plans and similar commitments	**2**	2
Liabilities	**678**	554
Deferred tax assets	**705**	1,276
Deferred tax liabilities:		
Other intangible assets	**-**	(18)
Deferred tax liabilities	**-**	(18)
Total deferred tax assets, net	**705**	1,258

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).

Short term timing differences are generally recognised ahead of losses and other tax attributes as they are likely to reverse more quickly.

Management do not expect climate related risks to have an impact on the recognition of deferred tax assets since the group's positioning as a focused technology company helping to pioneer a sustainable future across the globe is expected to generate future profitable growth opportunities.

For the years ended 30 September 2023 and 2022 (in thousands of £)

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

	2023	2022
Deferred tax asset balance as at October 1	**1,258**	640
Income tax presented in the Statement of income	**(737)**	304
Additions from acquisitions not impacting net income (if any)	**182**	314
Deferred tax asset balance as at September 30	**703**	1,258

11. Trade and other receivables

		September 30,
	2023	2022
Trade receivables from the sale of goods and services	**15,796**	18,227
Receivables from group companies	**34,249**	31,928
	50,045	50,155

Changes to the valuation allowance of current and long-term receivables presented in this note, which belong to the class of Financial assets and liabilities measured at amortised cost are as follows (excluding receivables from finance leases):

	Year ended September 30,	
	2023	2022
Valuation allowance as of beginning of the year	**298**	930
Creation	**(8)**	(632)
Transfer in from group companies	**252**	-
Valuation allowance as of end of the year	**542**	298

The ageing of trade receivables and the associated valuation allowance is as follows:

		September 30,		September 30,
	Gross	**Allowance**	Gross	Allowance
	2023	**2023**	2022	2022
Current	**14,860**	**(493)**	21,370	-
30 days overdue	**603**	**(20)**	-	-
31 - 60 days overdue	**214**	**(7)**	646	-
61 – 90 days overdue	**298**	**(10)**	95	-
91+ days overdue	**363**	**(12)**	4	(298)
	16,338	**(542)**	22,115	(298)

For the years ended 30 September 2023 and 2022 (in thousands of £)

12. Contract assets and liabilities

As of 30 September 2023 and 2022, amounts expected to be settled after twelve months are £322k and £213k for contract assets and £4,953k and £2,794k, respectively, for contract liabilities.

Significant changes in contract assets from business combinations are £6,277k and £nil and in contract liabilities £4,644k and £nil in fiscal 2023 and 2022, respectively.

In fiscal 2023 and 2022, contract assets (presented net of allowances of £16k and £31k as of 30 September 2023 and 2022), increased due to impairment impacts of £14k in 2023 and decreased with income statement impacts of £19k in 2022. In fiscal year 2023 and 2022 £nil and £nil are included in revenue, relating to performance obligations satisfied in previous periods. In fiscal 2023 and 2022, revenue includes £23.9m and £15.2m, respectively, which was included in contract liabilities at the beginning of the fiscal year.

13. Other current assets

	September 30,	
	2023	2022
Other tax receivables	**792**	(37)
Prepaid expenses	**3,290**	2,727
Other	**32**	-
	4,114	2,690

14. Goodwill and Other indefinite life intangibles

	September 30,	
	2023	2022
Cost		
Balance at beginning of year	**30,470**	23,295
Acquisitions through business combinations (see note 3)	**5,106**	7,175
Balance at end of year	**35,576**	30,470
Accumulated impairment losses		
Balance at end of year	**-**	-
Net book value		
Balance at beginning of year	**30,470**	23,295
Balance at end of year	**35,576**	30,470

Impairment of Goodwill

The Company performed the mandatory annual impairment test for the year ended September 30, in accordance with the accounting policy stated in note 2. The recoverable amounts for the annual impairment test 2023 for the cash generating unit (CGU) were estimated to be higher than the carrying amounts. Key-assumptions on which management has based its determinations of the fair value less costs to sell for the business' carrying amount include terminal value growth rate of 1.75% and after-tax discount rate of 9.96% (pre-tax rate of 13.28%).

For the purpose of estimating the fair value less costs to sell of the CGU, cash flows were projected for the next five years based on past experience, actual operating results and management's best estimate about future developments as well as market assumptions. Discount rates reflect the current market assessment of the risks specific to the division and are based on the weighted average cost of capital for the division. Terminal value growth rates take into consideration external macroeconomic sources of data and industry specific trends.

Management believes that no reasonably possible change in a key assumption would cause the carrying amount of goodwill to exceed the recoverable amount.

For the years ended 30 September 2023 and 2022 (in thousands of £)

15. Other intangible assets

	Software	Patents, licenses & similar rights	Total
Cost			
At October 1, 2022	**184**	**126**	**310**
Additions	**-**	**94**	**94**
Transfers in from group companies	**-**	**182**	**182**
At September 30, 2023	**184**	**403**	**586**
Amortisation			
At October 1, 2021	184	21	205
Charge for the year	-	33	33
At September 30, 2022	184	54	238
At October 1, 2022	**184**	54	238
Charge for the year	**-**	**47**	**47**
Transfers in from group companies	**-**	**160**	**160**
At September 30, 2023	**184**	**261**	**445**
Net book value			
At October 1, 2022	-	72	72
At September 30, 2023	**-**	**141**	**141**

For the years ended 30 September 2023 and 2022 (in thousands of £)

16. Property, plant and equipment

	Land & buildings	Furniture & office equipment	Total property, plant & equipment
Cost			
At October 1, 2021	7,785	6,319	14,104
Additions	1,832	3,028	4,860
Disposals	(538)	(82)	(620)
Transfers from group companies	2,233	2,747	4,980
At September 30, 2022	11,312	12,012	23,324
At October 1, 2022	**11,312**	**12,012**	**23,324**
Additions	**2,364**	**2,761**	**5,125**
Disposals	**-**	**(767)**	**(767)**
Transfers from group companies	**5,742**	**1,906**	**7,648**
At September 30, 2023	**19,418**	**15,912**	**35,330**
Accumulated depreciation and impairment			
At October 1, 2021	4,238	4,618	8,856
Charge for the year	2,407	1,148	3,555
Disposals	(538)	(79)	(617)
Transfers from group companies	1,267	2,202	3,469
At September 30, 2022	7,374	7,889	15,263
At October 1, 2022	**7,374**	**7,889**	**15,263**
Charge for the year	**3,095**	**1,935**	**5,030**
Disposals	**-**	**(766)**	**(766)**
Transfers from group companies	**3,546**	**1,463**	**5,009**
At September 30, 2023	**14,015**	**10,521**	**24,536**
Net book value			
At October 1, 2021	3,547	1,701	5,248
At September 30, 2022	3,938	4,123	8,061
At September 30, 2023	**5,403**	**5,391**	**10,794**

For the years ended 30 September 2023 and 2022 (in thousands of £)

Included in the above table are the below Right of use assets -

	Land & buildings	Furniture & office equipment	Total property, plant & equipment
Cost			
At October 1, 2021	7,732	406	8,138
Additions	1,832	1,214	3,046
Disposals	(538)	-	(538)
Transfer from group companies	2,233	119	2,352
At September 30, 2022	11,259	1,739	12,998
At October 1, 2022	11,259	1,739	12,998
Additions	2,362	1,060	3,422
Transfers from group companies	3,968	-	3,968
At September 30, 2023	17,589	2,799	20,388
Accumulated depreciation and impairment			
At October 1, 2021	4,187	66	4,253
Charge for the year	1,098	285	2,690
Disposals	(538)	-	(538)
Transfers from group companies	1,266	11	1,277
At September 30, 2022	6,013	362	6,375
At October 1, 2022	6,013	362	6,375
Charge for the year	3,029	573	3,602
Adjustment	1,307	-	1,307
Transfers from group companies	2,369	-	2,369
At September 30, 2023	12,718	935	13,653
Net book value			
At October 1, 2021	3,545	340	3,885
At September 30, 2022	5,246	1,377	6,623
At September 30, 2023	**4,871**	**1,864**	**6,735**

As of September 30, 2023 contractual commitments for the purchase of plant, property and equipment amount to £Nil (2022: £Nil).

For the years ended 30 September 2023 and 2022 (in thousands of £)

17. Investments

	Shares in subsidiary undertakings
Cost	
At October 1, 2022	**21,928**
Additions	**-**
At September 30, 2023	**21,928**
Provisions	
At October 1, 2022	**(19,760)**
Liquidations	**-**
Impairment	**-**
At September 30, 2023	**(19,760)**
Net book value	
At September 30, 2022 and September 30, 2023	2,167

The Companies and partnerships set out below are the Subsidiaries as at September 30, 2023. Shareholdings are in voting equity capital of companies registered in England & Wales and the voting equity capital is wholly owned, except where otherwise stated.

Company:	**Proportion of ordinary equity and voting rights held**	**Nature of business**
Siemens Electronic Design Automation Limited (formerly Mentor Graphics (UK) Limited)	100%	Software Services
Siemens Industry Software (India) Private Limited (Associate)	0.00001%	Software Services

18. Trade payables

	September 30, **2023**	2022
Trade and other payables	**4,151**	3,286
Amounts due to group companies	**5,942**	10,573
	10,093	13,859

For the years ended 30 September 2023 and 2022 (in thousands of £)

19. Other current liabilities

	September 30, 2023	2022
Payroll and social security taxes	**7,669**	5,718
Bonus obligations	**5,874**	5,272
Other employee related costs	**6,466**	2,501
Other tax liabilities	**3,554**	3,760
Other accrued liabilities	**1,120**	1,543
	24,683	18,794

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

20. Post-employment benefits

Post-employment benefits provided by the Company are organised through defined contribution plans.

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 £7,189k (2022: £5,768k).

21. Provisions

Provisions changed during 2023 as follows:

	Other	Total
Balance at beginning of year	-	-
Transfers from group companies	198	198
Balance at end of year	**198**	**198**
Current provisions		**-**
Non-current provisions		**198**

Other provisions
Other provisions are for order related risks on uncompleted contract where the timing of payment is unknown.

22. Share capital

Allotted, called up and fully paid:

	September 30, 2023	2022
8,393,105 (2022: 8,393,105) Ordinary Shares of £1 each	**8,393**	8,393

For the years ended 30 September 2023 and 2022 (in thousands of £)

23. Share-based payments

Share-based payment awards may be settled in newly issued shares of capital stock of Siemens AG, in treasury shares or in cash. Share-based payment awards may forfeit if the employment of the beneficiary terminates prior to the expiration of the vesting period. Total pre tax expense for share-based payment recognised in Siemens Industry Software Limited net income for continuing and discontinued operations amounted to £1,649k and £1,374k for the year ended September 30, 2023 and 2022 respectively, and refers primarily to equity-settled awards. The carrying amount of the liability relating to share-based payments amounted to £2,689k and £2,120k for the year ended September 30, 2023 and 2022.

Stock awards

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

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

In the year ended September 30, 2023 Siemens AG granted 15,777 (2022: 15,279) stock awards to 250 employees (2022: 326 UK employees). Details on stock award activity and weighted average grant-date fair value are summarised in the table below:

	Year ended September 30,		**Year ended September 30,**	
	Awards 2023	**Weighted average grant-date fair value (€) 2023**	Awards 2022	Weighted average grant-date fair value (€) 2022
Non-vested, beginning of period	**36,928**	**95.12**	38,028	78.77
Granted	**15,777**	**110.24**	15,279	125.59
Forfeited	**(2,011)**	**104.24**	(947)	97.76
Transferred/Vested	**(10,172)**	**120.35**	(18,392)	84.52
Merger	**2,103**	**117.98**	2,960	83.27
Non-vested, end of period	**42,625**	**102.64**	36,928	95.12
Weighted average remaining years	**1.20**		1.36	

Fair value was determined as the market price of Siemens shares less the present value of dividends expected during the four year or three year vesting period. Total fair value of stock awards granted in 2023 and 2022 amounted to €1,739k and €1,919k respectively.

Share-matching program and its underlying plan

In fiscal year 2023, Siemens issued a new tranche under each of the plans of the Share Matching Program.

Share - matching plan

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

Monthly Investment Plan

Under the Monthly Investment Plan employees other than senior managers may invest a specified part of their compensation in Siemens shares on a monthly basis over a period of twelve months. Shares are purchased at market price at a predetermined date once a month. If the Managing Board decides that shares acquired under the Monthly Investment Plan are transferred to the Share Matching Plan, plan participants will receive the right to matching shares under the same conditions applying to the Share Matching Plan described above. In the year ended September 30, 2023 Siemens AG granted 2,631 (2022: 1,502) shares to 316 (2022: 239) UK employees of Siemens Industry Software Limited.

For the years ended 30 September 2023 and 2022 (in thousands of £)

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

	Year ended September 30,		Year ended September 30,	
	Awards	**Weighted average grant-date fair value (€)**	Awards	Weighted average grant-date fair value (€)
	2023	**2023**	2022	2022
Non-vested, beginning of period	**3,897**	**110.41**	3,594	79.71
Granted	**2,631**	**104.11**	1,502	127.76
Forfeited	**(196)**	**111.74**	(110)	103.65
Transferred / Vested	**(2,050)**	**95.40**	(1,733)	62.98
Merger	**414**	**104.91**	644	112.43
Non-vested, end of period	**4,696**	**112.83**	3,897	110.41
Weighted average remaining years	**0.96**		0.88	

Fair value was determined as the market price of Siemens shares less the present value of expected dividends taking into account non-vesting conditions. Total fair value of shares granted under the share matching plan in 2023 and 2022 amounted to €274k and €192k respectively.

24. Additional disclosures on financial instruments

This section gives a comprehensive overview of the significance of financial instruments for the Company and provides additional information on Statement of Financial Position items that contain financial instruments.

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

	September 30,	
	2023	2022
Financial assets		
Loans and receivables	**50,797**	50,398
	50,797	50,398

The following table presents the fair values and carrying amounts of financial assets and liabilities measured at cost or amortised cost:

			September 30,	
	2023		2022	
	Fair value	**Carrying value**	Fair value	Carrying value
Financial assets measured at cost or amortised cost				
Trade and other receivables	**50,045**	**50,045**	50,155	50,155
Other current financial assets	**404**	**404**	110	110
Other assets	**348**	**348**	133	133
	50,797	**50,797**	50,398	50,398
Financial liabilities measured at cost or amortised cost				
Trade payables	**10,093**	**10,093**	13,859	13,859
Current financial liabilities, including short term lease liability	**4,278**	**4,278**	2,837	2,837
Other financial liabilities, including long term lease liabilities	**3,945**	**3,945**	2,821	2,821
	18,316	**18,316**	19,517	19,517

For the years ended 30 September 2023 and 2022 (in thousands of £)

The fair values of cash and cash equivalents, current receivables, other current financial assets, other assets, trade payables and other current financial liabilities and other liabilities approximate their carrying amount largely due to the short-term maturities of these instruments.
Obligations under finance leases are discounted from the gross carrying value using the interest rate implicit in the lease.

Fair value hierarchy

The Company analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted price in active markets for identical assets or liabilities,
- Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices): and
- Level 3: inputs for assets and liabilities, not based on observable market data.

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

	September 30, 2023	2022
Loans and receivables	**199**	564
Financial (liabilities) / assets measured at amortised cost	**(3,208)**	3,991

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

Net (losses) / gains (or losses) on financial assets and liabilities measured at amortised cost include gains and losses on financial receivables and payables from group companies, gains and losses on other monetary Statement of Financial Position items, denominated in foreign currency. It also includes losses and recoveries of write offs on receivables, miscellaneous assets and liquid assets.

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

Financial risk management

Interest rate risk

The Company's interest rate risk exposure is mainly related to interest-bearing deposits held with local banks and amounts invested with / drawn down from Siemens AG as part of the cash pooling facility across the worldwide group.

The approximate impact on the Statement of Income of a 1% fluctuation in interest rates would be £327k in 2023.

Credit risk

The Company is exposed to credit risk in connection with its external sales. Credit risk is defined as an unexpected loss in cash and earnings if the customer is unable to pay its obligations in due time, if the value of financial uncertainty may cause customer default rates to increase and collateral values to decline. The effective monitoring and controlling of credit risk is a core competency of the Company's risk management system. Customer ratings, analysed and individual customer limits are based on generally accepted rating methodologies, the input from external rating agencies and Siemens default experiences. Credit evaluations and ratings are performed on all customers with an exposure or requiring credit beyond a defined limit and are carefully considered in determining the conditions under which direct or indirect financing will be offered to customers. The Company's customers are principally large commercial or public sector organisations that have low credit risk. Credit risk is recorded and monitored on an ongoing basis.

Concerning trade receivables and other receivables, as well as other receivables included in *Other financial assets* that are neither impaired nor past due, there were no indications as of September 30, 2023, that defaults in payment obligations will occur.

Market risk

Market fluctuations may result in significant cash flow and profit volatility risk for Siemens Industry Software Limited. Its UK operating business as well as its investment and financing activities are affected by changes in foreign exchange rates, interest rates and equity prices. To optimise the allocation of the financial resources across the Company, as well as to secure an optimal return for its shareholder, the Company identifies, analyses and proactively manages the associated financial market risks.

The Company seeks to manage and control these risks primarily through its regular operating and financing activities, and uses derivative instruments when deemed appropriate.

For the years ended 30 September 2023 and 2022 (in thousands of £)

Management of financial market risk is a key priority for the Company's key management and directors. As a member of the Company's management, the Finance Director covers the specific responsibility for this part of the overall risk management system. At the highest level, the directors retain ultimate accountability. For practical business purposes, the directors delegate responsibilities to key management.

Any market sensitive instruments, including equity and interest bearing investments that the Company's pension plans hold are not included in the following quantitative and qualitative disclosure. For additional information see note 21.

Equity price risk

The Company does not hold investments in publicly traded companies. No equity price risk is therefore foreseen for the Company.

Foreign currency exchange rate risk

Transaction risk and currency management

Transaction risk and currency management risk from Siemens' international operations expose the Company to foreign currency exchange risks in the ordinary course of business. The Company employs various strategies discussed above involving the use of derivative financial instruments to mitigate or eliminate certain of those exposures.

Foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. If 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. The risk is mitigated by closing all types of business transactions (sales and procurement of products and services as well as investment and financing activities) mainly in the functional currency. In addition, the foreign currency exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies as well as production activities and other contributions along the value chain in the local markets.

The Company does not borrow or invest in foreign currencies on a speculative basis.

The Group has established a foreign exchange risk management system that has an established track record for years. The Company is responsible for recording, assessing, monitoring, reporting and hedging its foreign currency transaction exposure.

The Company defines foreign currency exposure generally as balance sheet items in addition to firm commitments which are denominated in foreign currencies, as well as foreign currency denominated cash inflows and cash outflows from anticipated transactions for the following three months.

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

As at September 30, 2023	**US$**	**Euro**	**Other**	**Total**
Gross Statement of Financial Position exposure	**6,004**	**12,182**	**1,387**	**19,573**
Thereof: Financial asset	*6,229*	*12,182*	*2,935*	*21,346*
Thereof: Financial liabilities	*(225)*	-	*(1,548)*	*(1,773)*
Foreign exchange transaction exposure	**6,004**	**12,182**	**1,387**	**19,573**
Economically hedged exposure	-	-	-	-
Change in future cash flows after hedging activities resulting from 10% appreciation of GBP	600	1,218	139	1,957

As at September 30, 2022	**US$**	**Euro**	**Other**	**Total**
Gross Statement of Financial Position exposure	**23,823**	**1,824**	**1,251**	**26,897**
Thereof: Financial asset	*23,888*	*6,783*	*2,267*	*32,938*
Thereof: Financial liabilities	*(65)*	*(4,960)*	*(1,016)*	*(6,041)*
Foreign exchange transaction exposure	**23,823**	**1,824**	**1,251**	**26,897**
Economically hedged exposure	-	-	-	-
Change in future cash flows after hedging activities resulting from 10% appreciation of GBP	2,382	183	125	2,690

It is Siemens AG's group policy to use 10% to analyse the sensitivity of currency fluctuations.

For the years ended 30 September 2023 and 2022 (in thousands of £)

Liquidity risk

Liquidity risk results from the Company's potential inability to meet its financial liabilities, e.g. settlement of its financial debt, paying its suppliers and settling finance lease obligations. Beyond effective net working capital and cash management, the Company mitigates liquidity risk by arranging borrowing facilities with other Siemens companies. Amounts payable to other group companies are repayable on demand, but historically other Siemens companies have not demanded repayment of these intercompany balances.

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

	2023	2024	2025 to 2027	2028 and thereafter
Non derivative financial liabilities	**10,873**	**689**	**-**	**-**
Trade and other payables	**10,093**	**-**	**-**	**-**
Other financial liabilities	**780**	**689**	**-**	**-**

Cash outflows for financial liabilities without fixed amount or timing, including interest, are based on the conditions existing at September 30, 2023.

The Company has £5,942k (2022: £10,573k) amounts due to group companies included in trade payables. Historically other group companies have not demanded repayment of these intercompany balances.

Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in the Company's ongoing operations such as property, plant, equipment and investments in working capital – e.g. inventories and trade receivables. These assets are considered in the Company's overall liquidity risk.

To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, Siemens has established a comprehensive risk reporting covering its worldwide business units.

The balanced view of liquidity and financial indebtedness is stated in the calculation of the net liquidity amount and is used for internal management. It results from the total amount of cash and cash equivalents, amounts receivable from and due to group companies within the group cash pooling facility and finance leases with Siemens Financial Services as stated on the Statement of Financial Position. The amounts receivable and due to group companies reported below are held with Siemens AG (Siemens Financial Services division) in the group cash pooling facility. For further information, refer to the S*tatement of Cash Flows*.

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

	September 30,	
	2023	2022
Receivables from group companies	**32,659**	26,276
Total liquidity	**32,659**	26,276
Liabilities under leases	**6,754**	5,351
Total debt	**6,754**	5,351
Net liquidity	**25,905**	20,925

In addition to the balances above, which are held with Siemens AG in the group cash pooling facility, receivables from Siemens group companies of £1,590k (2022: £5,652k), amounts due to Siemens group companies of £5,942k (2022: £10,573k) are held outside this facility. Historically other Siemens group companies have not demanded repayment of these intercompany balances.

Capital Management

The Company defines its capital structure as net debt and equity. The primary objective of the Company's capital management is to ensure that it makes optimal use of the working capital generated from its trading profits. The Company's management focus is on generating positive cash flow from operations and maintaining a positive relationship of the Company's current assets and current liabilities.

The current ratio for 2023 was 1.02 (2022: 1.27). The Company also has access to Siemens AG cash pooling arrangement when necessary.

For the years ended 30 September 2023 and 2022 (in thousands of £)

25. Related party transactions

Transactions between the Company and its subsidiaries and associates are disclosed below.

(a) During the year, the Company entered into the following transactions with related parties:

	Sales of goods		Rental income and other services sold		Purchases of goods		Rental expense and other services purchased		Interest income		Interest expense	
	Year ended 2023	Year ended 2022	**Year ended 2023**	Year ended 2022	**Year ended 2023**	Year ended 2022	**Year ended 2023**	Year ended 2022	**Year ended 2023**	Year ended 2022	**Year ended 2023**	Year ended 2022
Other Siemens group companies	**4,436**	3,220	**4,246**	2,838	**514**	5,897	**5,923**	4,329	**2,075**	263	**1,013**	479

Sales of goods to related parties were made at the Company's usual list prices. Purchases were made at market price.

	Transfers of research and development	
	Year ended 2023	Year ended 2022
Other Siemens group companies	**32,465**	24,204

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

Year end balances arising from sales / purchases of goods and services amounted to £nil (2022: £nil).

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

	Amounts owed by related parties		Amounts owed to related parties	
	2023	2022	**2023**	2022
Other Siemens group companies	**34,249**	31,928	**5,942**	10,573

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

26. Remuneration of key management personnel

The remuneration of the key management personnel of the Company is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	Year ended September 30,	
	2023	2022
Short-term employee benefits	**438**	393
Post-employment benefits	**59**	52

For the years ended 30 September 2023 and 2022 (in thousands of £)

27. Debt

Company as Lessee

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

	September 30,	
	2023	**2022**
Balance at beginning of year	5,352	3,961
Additions	5,028	4,121
Accretion of interest	131	65
Payments	(3,757)	(2,795)
Balance at end of year	6,754	5,352
Split as:		
Current	3,498	2,531
Non-current	3,256	2,821

Maturity analysis – contractual undiscounted cash flows

Year	
One year	3,753
Two years	2,297
Three years	844
Four years	165

Amounts recognised in the income statement

	September 30,	
	2023	**2022**
Depreciation on right of use assets	3,602	2,691
Interest on lease liabilities	131	65

Amounts recognised in Statement of Cashflows

	September 30,	
	2023	**2022**
Total cash outflow for leases	3,757	2,795

For the years ended 30 September 2023 and 2022 (in thousands of £)

Contractual Obligations

The Company does not have any contractual obligations not yet commenced as of 30 September 2023 (2022: nil).

28. Directors' transactions

No such transactions occurred in 2023 or 2022 which require disclosure under the requirements of s413 of the Companies Act 2006 and IAS 24 with the directors (or other key management personnel).

29. Subsequent events

There were no significant events after the reporting period.

30. Ultimate parent undertaking

The ultimate parent undertaking is Siemens AG, incorporated in Germany. Siemens AG is the only group undertaking of which the Company is a member for which group financial statements are prepared. Copies of the group financial statements are available on the internet at https://www.siemens.com/global/en/company/investor-relations/events-publications-ad-hoc/annualreports.html or obtained from:

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

The immediate parent undertaking is Siemens Beteiligungen Europa GmbH, a company incorporated in Germany.

31. Dividends

	Year ended September 30, 2023	2022
Dividends Paid	**25,000**	**15,000**

A dividend of £25m (2022: £15m) was paid to the immediate parent undertaking (see note 30) of £2.98 per share (2022: £1.79).