ALSTOM Engineering and Services Limited

Directors' Report, Strategic Report and Financial Statements

For the year ended 31 March 2025

Registered number 02235994

Table of Contents

Company Information

Directors	J Baldock (resigned 15 October 2024) P J Broadley A Butters (appointed 25 July 2025) N Crossfield (resigned 25 October 2024) C R Haynes E Henry (appointed 15 October 2024) D A Johnston R Kumar (appointed 30 October 2024) S MacLeod (resigned 19 December 2024) R Whyte (appointed 14 July 2025) P S R Wood
Secretary	C G Hakes
Registered office	Litchurch Lane Derby DE24 8AD United Kingdom
Registered number	02235994
Auditors	Forvis Mazars LLP One St Peter's Square Manchester M2 3DE
Principal bankers	Deutsche Bank AG London 6 Bishopsgate London EC2P 2AT United Kingdom
Solicitors	Hogan Lovells Atlantic House Holborn Viaduct London, EC1A 2FG Pinsent Masons LLP 30 Crown Place London, EC2A 4ES

Directors' Report

The Directors are pleased to present their Annual Report, Strategic Report and Financial Statements for the year ended 31 March 2025.

The Statement of Profit or Loss presented on page 26 shows a profit after tax for the year ended 31 March 2025 of £63.2m (2024: loss of £78.4m). Revenue for the year was £928.6m (2024: £1,030.0m) and an analysis is shown in note 4 to the financial statements.

The Company issued new share capital of £300.0m during the year, subscribed for in cash by the Company's immediate parent company.

No dividends were paid during the year (2024: £nil).

A more detailed review of the Company's key financial and other performance indicators during the year are included in the Strategic Report.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are discussed in the Strategic Report, and these factors have been considered when preparing the financial projections of the Company.

The Financial Statements have been prepared on a going concern basis, which assumes the Company will continue in operational existence for the foreseeable future.

The Directors have undertaken a rigorous assessment, considering the current level of borrowings, and future cash needs through to 31 August 2026, by considering the Company's 3-year plan and the future evolution and growth of the Company's business.

The balance sheet at 31 March 2025 shows net assets of £291.9m. This represents an increase since 31 March 2024 which had net liabilities of £69.2m, the increase principally due the positive impact of a £300.0m capital injection from the Company's immediate parent, and significant profit earned during the year. Net current assets at 31 March 2025 were similarly increased to £191.1m (2024: liabilities of £70.0m).

The balance sheet incudes Borrowings (on the current account, part of Alstom's cash pooling arrangements) of £86.4m (2024: £387.1m). It should be noted that the Company, per the terms of the Treasury management agreement it has entered into is able to access funds through the cash pooling facility on a day-to-day basis, without needing to apply in advance for additional funds or a formal loan.

The Directors have considered the trading performance of the Company in the period since 1 April 2025, and the cash and liquidity position of the business at the date of approving the financial statements.

Whilst the Company has experienced trading losses up until the 2024 year end, predominantly the result of losses being experienced on the Aventra rolling stock contracts, the Company returned to profitability in 2025. This was partly a result of the stemming of losses generally on Aventra as the contracts have progressed, as well as strong profit generation on the Services portfolio of contracts. Management and the Directors are now far more confident that the Aventra contracts which have experienced significant losses are under far more control and predictability, and that the Company has a positive future.

The impact of global conflicts and macro-economic risks/impacts have been considered in management's review. It should be noted that none of the Company's contracts are directly impacted, and whilst the macro economic backdrop could prove challenging for many businesses, including our own, we consider that the Company is well placed to manage the financial impact of such risks.

Going concern (continued)

The 3-year plan for the Company has been approved, and it shows the Company continuing to be profitable and positive cash flow in FY25-26 and beyond. June 2024 saw the announcement that the Company had signed a 430m EUR contract for 10 new nine-car Aventra trains and maintenance until 2046. This secured the immediate future of Derby site, which will be instrumental in the delivery of the HS2 build contract in the longer term. As such, there are no plans to close or reduce the scope of the manufacturing facilities, and no further compulsory redundancies are planned for Derby. Whilst redundancies were announced during the year, these were relatively limited and all of a voluntary, not compulsory nature.

These are very key contracts in context of the UK (and Group) order book and secures the importance of the UK company in ALSTOM's global plans. The Directors note that if there was any risk perceived that ALSTOM Group would not continue to fully support the Company, and have confidence in its management and future prospects, it would not have agreed to a further £300m capital injection during the year. It should be noted that the immediate parent company that provided this capital injection still has significant cash reserves even after this recent share subscription, as shown in its financial statements drawn up to 31 March 2025 (265.5m EUR including amounts on deposit with ALSTOM Holdings at the year end) meaning that it is in a position to provide further UK to UK company funding if ever this was required, subject to approval by ALSTOM. At present, the Directors perceive no need to draw down this additional funding.

The Company manages its day to day working capital and funding requirements through inter-group loans.

The period considered by management when concluding on the ability of the Company to continue operating as a going concern runs to 31 August 2026.

Management have considered downside and stress scenarios and the possibility that the Company is unable to achieve the 3-year plan. In such scenarios, the Directors would seek to draw on further funding from the cash-pooling arrangement, and management have been given assurances that ALSTOM Holdings SA would have the ability and intent to provide such support. The Directors did not consider it necessary to request that ALSTOM Holdings SA issue a further formalised "letter of comfort" in the current year, on the basis of the Company's strong return to profitability, improved balance sheet position and positive 3-year plan.

As ALSTOM's Corporate Treasury vehicle, Alstom Holdings SA centralizes intragroup loans and deposits with the Group's subsidiaries. Alstom Holdings SA is the direct subsidiary of the listed company Alstom SA and the direct or indirect shareholder of all the Alstom groups' subsidiaries.

The Directors have received adequate assurances that there has been no significant deterioration in ALSTOM SA's financial strength since 31 March 2025, ALSTOM SA's most recent year end date, and up to the date of approving these financial statements.

Access to liquidity for its subsidiaries has been demonstrated over many years by an historical track record of ALSTOM Holdings SA in providing a stable access to the Cash-Pool and other funding sources to all its participants to secure the sustainability of their operations. No credit limit has been defined for the Company.

In the unlikely event that ALSTOM Holdings SA was not able to provide sufficient funding to the Company, there would be a material uncertainty over the Company's ability to continue operating as a going concern, because of the provision of Group borrowings (note 18). However, this scenario is considered by the Directors to be remote. On the basis of the above, the Company's directors believe it is therefore appropriate to prepare the financial statements on the going concern basis.

Financial risk management

The Company's principal financial instruments, other than derivatives, comprise cash and short-term deposits including cash pooling facilities, overdrafts and short-term borrowings. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as trade debtors and trade creditors, which arise directly from its operations. The Company also enters into forward currency contracts where appropriate in order to manage currency risks arising from the Company's operations and its sources of finance.

The Company manages the exposure to interest rate risk, liquidity risk, foreign currency risk and credit risk as follows:

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates to its cash and short-term deposits, and overdraft and short-term borrowings, all of which have floating interest rates. The Company actively participated in the Group's cash pooling scheme and borrowings and cash deposits are subject to interest rates set by Group treasury, considered to be on an arms-length basis.

Liquidity risk

The Company has access to borrowing facilities provided by ALSTOM Holdings SA, which ensures that the Company always has immediate access to cash funds in order to settle its liabilities as they fall due.

Foreign currency risk

The Company has transactional currency exposures arising from sales and purchases with suppliers and customers in currencies other than the functional currency. The ultimate parent company requires all its subsidiaries to use forward currency contracts to eliminate currency exposures on all transactions in excess of €100,000 once the Company has entered into a firm commitment for a sale or purchase. Forward currency contracts must be in the same currency as the hedged item. It is the Company's policy not to enter into forward contracts until a firm commitment is in place with the below exception.

The Company takes out derivative positions called "Hedge on Behalf of" (HOBO) for certain other legal entities within the Alstom group. ALSTOM Engineering and Services Limited (AESL) is the legal counterparty to the derivative positions and carries the risk and rewards. AESL takes these positions out on behalf of other group entities to take advantage of trading facilities it has in place with UK counterparties and to keep in line with the ultimate parent company requirement that all its subsidiaries are to use forward currency contracts to eliminate currency exposures on all transactions in excess of €100,000. AESL does not have any 'back to back' relationship with related group parties and is therefore exposed to the gross derivative risk. The derivatives are recognised and classified as held for trading. Any fair value gains and losses are therefore accounted for directly in the income statement.

Credit risk

The Company extends credit only to recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade debtor balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Employee involvement

We recognise that our employees are key to the success of the Company, and are committed to ensuring their engagement and involvement. Company policy is to use the consultative procedures agreed with its staff and elected representatives to ensure information and views are exchanged and employees are aware of the progress of the Company and the economic and financial factors that affect it. As well as written communications such as newsletters and notices, the intranet provides access to a vast amount of information relating to the Group's activities around the world.

Each business unit ensures face-to-face communication exists at every level of the organisation. Employees are encouraged to discuss any issues with management at any time, and team briefs, site communication events, and specific employee feedback sessions are arranged to inform employees on the progress of the Company and to allow employees the chance to discuss issues that matter most to them.

Equal opportunities

The Company is committed to achieving a balanced and diverse workforce and pursues an equal opportunities policy through all areas including recruitment and selection, training and development, performance reviews, succession planning and promotion, and ultimately retirement. It is our policy to ensure all employee related decisions are made on the basis of merit and capability regardless of religion, race, nationality, ethnic origin, gender, sexual orientation, marital status, age or disability.

Applications from disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. Where existing employees become disabled, every effort is made to ensure continuity of employment, actively looking to adjust their environment where practicable, and providing training and career development to allow them to maximise their potential.

Directors' Report

Directors and indemnity arrangements

The directors, who served during the year, and subsequent changes, are as follows:

J Baldock (resigned 15 October 2024)
P J Broadley
A Butters (appointed 25 July 2025)
N P Crossfield (resigned 25 October 2024)
C R Haynes
E Henry (appointed 15 October 2024)
D A Johnston
R Kumar (appointed 30 October 2024)
S J R MacLeod (resigned 19 December 2024)
R Whyte (appointed 14 July 2025)
P S R Wood

The Company has granted an indemnity to one or more of its directors against any liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' Report.

Existence of branches

As shown in note 26, the Company has a branch in South Africa.

Section 172 (2) Principal Decisions

We continued to integrate the legacy Alstom and legacy Bombardier businesses in the UK on all fronts during the current year, to benefit from synergies. The inevitable impact on our people of this integration meant that regular communication of ongoing changes, and the flexibility expected of our people remained of paramount importance. The Directors have decided that whilst our UK business now operates as "one business" operationally, in order to realise these synergies, there will be no plan in the short-term to combine the activities of this Company and those of our fellow subsidiary, ALSTOM Transport UK Limited from a legal perspective. Further information concerning Section 172 (1) (a) to (f) and stakeholder engagement are disclosed on pages 13 to 15.

Corporate Governance Code

The Company has enhanced its governance framework and approach by adopting the Wates Corporate Governance Principles for Large Private Companies issued by the Financial Reporting Council. The Directors consider that the Company has complied with these principles during the year ended 31 March 2025 as outlined below. It should be read in conjunction with the Directors' Section 172 statement and the Directors' report and Strategic Report more generally:

Purpose and Leadership *– An effective Board develops and promotes the purpose of a Company and ensures that its values, strategy and culture align with this purpose*

The Company's ultimate shareholder, ALSTOM SA has adopted its "Alstom in Motion" strategy which aims for the Group to lead the way to greener and smarter, mobility worldwide.

With the widest geographical reach and most comprehensive portfolio of the industry, Alstom is in a unique position to respond to the unprecedented need for sustainable mobility. The Alstom in Motion (AiM) 2025 strategic plan is built on proven AiM strategy and significantly enlarged Group profile to include Bombardier, acquired on 29 January 2021. The Group aims to further grow leveraging on its reinforced product lines and geographical presence, commits to accelerate smart and green mobility innovation with important R&D investments, and will extend its operational excellence efforts to a new scale.

The Company as a subsidiary of ALSTOM SA, has adopted the AiM strategy and is geared towards achieving the same objectives and adopting the same core values.

Directors' Report

The Environment and Health & Safety are key priorities for the business.

The Company's Purpose and its Values are communicated actively by the Board and Senior Leadership Team through direct channels of communication between Directors and the workforce, and through the adoption and promotion of the Group's policies, procedures and standards. This includes but is not limited to Alstom's safety standards and its Anti-Bribery & Corruption, Anti-Bullying and Harassment, Anti-Slavery and Human Trafficking and Whistleblowing policies, in addition to the Company's focus on dealing fairly with employees and suppliers. The Board monitors the Company's culture to assess whether it is in line with the Group's AIR Values (Agile, Inclusive, Responsible) which enables this Company and the Group overall to achieve its strategy and objectives.

Further details on Employee Involvement and engagement and Equal Opportunities are set out on page 6.

***Board Composition** – Effective board composition requires an effective chair and a balance of skills , backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company*

We aim to ensure that the Board is comprised of senior experienced individuals who represent all of our businesses (Rolling Stock, Services and Signalling) as well as significant functions. During the year, the Board has comprised of eight individuals who hold senior roles in the management and operation of the Company. This includes the UK Managing Director, UK Finance Director, UK Head of Legal and EHS Director , each of whom also serve on the Boards of several other UK Group companies. All of the Directors are able to demonstrate a wide range of skills, knowledge and experience and collectively are able to contribute in a valuable way to the making of decisions through engaging in debate through bringing their own different perspectives, both formally in Board meetings and in their roles in the wider Senior Leadership Team (SLT), who held regular formalised meetings focused on the effective running of the Company.

The SLT also comprises a wider audience, including senior leaders of other functions within the business who are not formally appointed as Board Directors.

Each of the Directors are employed full time by the business and do not hold employment or engagements outside of the Company. As such, they have the appropriate time to commit to ensuring that they properly fulfil their responsibilities as Directors and contribute to the effective running of the Company. They are supported and complemented by individuals at an ALSTOM Group level who offer valuable assistance and insight as appropriate, reflecting the Company's place in the wider Group.

We have considered the value of appointing independent non-executive Directors to the Board to offer constructive challenge. However, in light of the size of the Company and scale and nature of its operations, the size and composition of the Board is considered appropriate at the current time.

***Directors' Responsibilities** – The board and individual directors should have a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision making an independent challenge*

The Company's governance framework and approach to governance guides the Directors on their legal responsibilities and accountability to deliver value for the Company's shareholder, after taking into account the interests of all stakeholders. The papers presented to the Board and provided in a timely fashion in advance of meetings, and this ensures that they can be read and properly digested in advance of the meetings themselves to ensure that all Directors can properly and most effectively contribute. Open dialogue and debate at Board meetings is firmly encouraged, and this ensures that the most appropriate decisions are reached in a timely manner.

The Company offers and actively encourages Directors to receive training on their responsibilities as Directors.

Directors' Report

Opportunity and Risk – *A board should promote the long-term sustainable success of the Company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks*

The Company's approach to governance promotes the identification of both opportunities and risks through the open debate and challenge it encourages. The Company's SLT comprises of statutory Directors, including the UK Managing Director and UK Finance Director, and functional heads across the business. This team plays an integral role in identifying and exploiting opportunities, and identifying risks and developing plans to address them. The Company has developed a risk register which is regularly reviewed. The Company is obliged to and welcomes the opportunity to share details of risks and opportunities with its parent company, so that it can be appropriately challenged and supported.

Remuneration *– A Board should promote executive remuneration structures aligned to the long term sustainable success of a Company, taking into account pay and conditions elsewhere in the Company*
In addition to competitive base pay levels and appropriate benefits, the Company's senior personnel are eligible to receive bonuses. These are based on individuals' successful completion of their formalised objectives set at the start of the year, along with the Alstom Group's achievement of financial and other targets. In addition, certain of the Company's senior persons are eligible to participate in share option schemes operated by the Group. The Company's executive remuneration policy takes into account the pay and conditions of the Company's wider workforce, as well as the respective levels of responsibility held by managers and other members of the workforce. The board has established clear policies on remuneration structures and practices that are aligned with the Company's purpose, values and culture, and the delivery of strategy to support long-term sustainable success.

Stakeholder relationships and engagement *– Directors should foster effective stakeholder relationships aligned to the Company's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions*

The Company works proactively in partnering with its principal stakeholders, understanding their priorities and developing strong relationships and trust. Investment in these relationships helps the Company deliver its strategy and objectives more effectively. Further details on how the Company has engaged with its stakeholders are set out in the Company's Section 172 (1) statement on pages 13 to 15.

Disclosure of information to the auditors
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Stakeholder relationships and engagement
This is covered in the Strategic Report on page 14.

Research and development
This is covered in the Strategic Report on page 12.

Future developments in the business
This is covered in the Strategic Report on page 12.

Benefits of directors
This information is disclosed in Note 7 (page 44) to the financial statements.

On behalf of the Board

Rajesh Kumar**,** Director, 30 July 2025

Strategic Report

The Directors are pleased to present their Strategic Report for the year ended 31 March 2025.

Principal activity and business review
The Company's principal activity during the year continues to be that of:

- the manufacture of railway rolling stock and components;
- the service and maintenance of railway rolling stock and components;
- the design and integration of transportation systems, its products encompassing complete transit systems and security solutions; and
- the design, development, manufacture and installation of signalling equipment and systems for railways, equipment process control schemes and industrial telemetry equipment.

The Company continues to focus on developing an innovative product portfolio.

Results for the year
Revenue for the year was £928.6m (2024: £1,030.0m) and the profit/(loss) for the year after taxation was £63.2m (2024: loss of £78.4m).

The Company's key financial and other performance indicators during the year were as follows:

	2025	**2024**
	£'m	**£'m**
Company revenue	928.6	1,030.0
Gross profit /(loss)	134.6	(16.6)
Total operating profit/(loss)	79.1	(75.4)
Profit/(loss) after taxation	63.2	(78.4)
Current assets as % of current liabilities (current ratio)	126.5%	94.5%
Average number of employees (2024 is restated – note 8)	2,440	2,651

As shown in note 4, Rolling Stock revenue reduced in the year as the Aventra build programme neared completion, and more operating losses were experienced in the final delivery phase of those contracts. However, this was partially offset by increased revenue in the Company's other business areas (Services and Signalling).

The financial outlook for the Company is positive as projects stabilise further. As predicted in the 2024 financial statements , as the delivery of Aventra concludes, the Company's primary revenue stream has shifted towards delivery of maintenance contracts (Services), which have a healthy margin, and will contribute to strong future profitability.

In the longer-term, the next generation of Britain's high speed trains (54 trains for HS2) will be built and delivered by a joint venture between Alstom and Hitachi, at the Company's site in Derby.

June 2024 saw the announcement that the Company had signed a 430m EUR contract for 10 new nine-car Aventra trains and maintenance until 2046. This secured the immediate future of Derby site, which will be instrumental in the delivery of the HS2 build contract in the longer term. As such, there are no plans to close or reduce the scope of the manufacturing facilities, and no further compulsory redundancies are planned for Derby. Whilst redundancies were announced during the year, these were relatively limited and all of a voluntary, not compulsory nature.

Restructuring costs of £4.1m in the year comprise some further redundancy costs from other UK headcount reduction programmes not specifically focused on the Derby site.

Strategic Report

Results for the year (continued)

Profit after tax was impacted by dividends received amounting to £10.4m (2024: £14.7m), and a £6.2m profit representing the net change in fair value of financial assets carried at FVTPL (2024: loss of £16.3m). Both of these amounts are shown below Operating profit.

Interest costs of £33.9m were higher in the current year, principally due to an increased level of borrowings during the year, prior to the Company receiving a £300m capital injection of funds towards the end of the financial year.

At the balance sheet date, the Company had net assets of £291.9m, an increase since the prior year mainly due to the positive impact of the £300m capital injection from the Company's immediate parent, and significant profits earned during the year. The Company's "current ratio" (current assets as a percentage of current liabilities) also improved compared with the previous year for the same reasons.

The average number of employees (excluding contractors) of 2,440 has reduced slightly compared with the average number employed at 31 March 2024 (as restated) of 2,651, largely as a consequence of reduced Rolling Stock activity. The Company continues to review the indirect cost base in order to improve efficiency but remains committed to retaining key talents particularly in engineering and project management.

Correction of error

The Company has identified an error in the application of cash flow hedge accounting in its prior year financial statements as described in note 31 to the financial statements. The correction of the error necessitated elimination of the cash flow hedge reserve, which at 31 March 2024 amounted to £(27.1)m, and net assets at 31 March 2024 have therefore been restated to be increased by £27.1m, being made up of a £67.1m increase to forward currency contract assets (note 17) and a £40.0m increase to forward currency contract liabilities (note 18). The amounts recognised in Other Comprehensive Income in the prior year increased by £7.8m. Further analysis is shown in note 31.

Acquisition of business

At the end of November 2024, the Company acquired the trade and assets of a subsidiary undertaking, ALSTOM Electronics Limited (AEL) for book value amounting to £6m. The difference between this amount and the carrying value of the Company's investment in its subsidiary at the date of acquisition (£2.8m) amounted to £3.2m and has been credited to a capital contribution reserve (note 23).

Risk Management

Our activities are of vital importance and business critical to all our customers, and we work in a highly regulated and increasingly complex environment. As Directors, we continually evaluate the risks we face and develop appropriate solutions. Further details of risks are described in the Strategic Report and the Directors' Report.

Business risk (impact, mitigation)

Like most businesses, there are a range of risks and uncertainties facing the Company and the matters described below are not intended to be an exhaustive list of all possible risks and uncertainties. We apply risk assessment and mitigation practices throughout the business, to reduce the nature and extent of our risk exposure to an acceptable level.

Strategic Report

Key business risks include:

Risk	Impact	Mitigating actions
Ability to secure new contracts, which is in part dependent on future government spending and environmental policies	Failure to win new contracts would lead to potential over-reliance on a fewer number of key contracts, and may damage the Company's reputation. It could also lead to a need to downsize operations and workforce	Management work hard at developing and fostering relationships with customers and offering innovative solutions to meet customer needs
Product performance	Failure to meet the expected standards and contractual requirements can lead to liquidated damages and warranty costs	The Company is committed to quality and continuous improvements. All aspects of performance of products is consistently monitored
Supply chain performance and sourcing risks	Negative impact on production or maintenance schedules	Strict supplier selection criteria applied. Management work hard to foster effective relationships with all suppliers

The Company believes that the risks are adequately mitigated through the implementation of rigorous policies and processes, a commitment to quality and continuous improvement, establishment of a business-wide compliance structure, open dialogue with key stakeholders including customers and suppliers, and through proactive lobbying to inform and influence the content and implementation of new legislation and regulations.

Execution risk

The Company proactively seeks to address execution issues on rolling stock contracts by increasing the level of upfront R&D and creating a centralised product design and development function, which will bring together customers, suppliers and partners to develop pioneering technologies. These measures will reduce execution risk by increasing product standardisation, and the use of proven technologies and processes across contracts.

Economic environment and future developments

The rail market continues to be resilient. There are numerous opportunities in the sector going forward as part of the UK re-franchising programme and the significant investment planned in the rail market. Fleet maintenance activities form a substantial part of the UK business and in line with the Company's strategy to focus on whole life cost of our rolling stock, forms an integral part of the Company's product offering. The Company has invested significantly at various services locations with new vehicle inspection facilities in several sites. The Signalling Division is operated as a global business. Our operation in Plymouth is engaged in a number of contracts primarily for the supply of railway signalling equipment and software for level crossings.

Research and development (R&D)

The Company funds advanced engineering and product development programmes which seek to develop product applications for specific market opportunities. Amounts expensed in respect of R&D are shown in note 5. Throughout this year the Company continued to make substantial investment in the Aventra product platform for new rolling stock and a high-speed train for the UK.

Strategic Report

Section 172 (1) (a) to (f) and stakeholder engagement
The Directors have acted in a way that they considered, in good faith, to be the most likely to promote the success of the company for the benefit of its members as a whole and in doing so have regard to (amongst other matters):

a) The likely consequence of any decisions in the long term;
b) The interest of the Company's employees;
c) The need to foster the Company's business relationships with suppliers, customers and others;
d) The impact of the Company's operations on the community and the environment;
e) The desirability of the Company maintaining a reputation for high standards of business conduct; and
f) The need to act fairly between members of the Company.

Engagement with our shareholders and wider stakeholder groups plays a vital role throughout the business. By understanding our stakeholders, the board factors into boardroom discussions the potential impact of our decisions on each stakeholder group and considers their broad range of interests.

Shareholders
All of the Company's shares are held entirely by an intermediate Group as set out in Note 30. Dividends were not paid during the year.

ALSTOM Group
ALSTOM SA is the Company's ultimate parent and shareholder and a key stakeholder in our business. ALSTOM is a global leader in the transportation industry creating and delivering innovative trains and the service and maintenance of railway rolling stock. The Group provided the Company with head office functions such as financial consolidation, legal, pension, treasury and insurance services.

Colleagues
Our people are our most valuable assets, their knowledge and expertise make a critical difference to our success and our investment in them protects and strengthens our culture. We have an established approach to engaging colleagues to ensure we take their perspectives into account in our decisions and action plans and share with them our strategy and progress.

The Company employs more than 2,400 employees (excluding contractors) across our multiple and widespread UK sites in the engineering, manufacture and maintenance of railway rolling stock. Our success relies upon the quality and engagement of our people, both permanent and agency workforce, and developing the skills and opportunities for our workforce is of paramount importance. Further employee details can be found on page 6.

Across all of our UK sites, regular and open communication is shared with employees. We also support ethics and compliance training for all levels of the organisation. We utilise email broadcasts to communicate relevant and timely information to our employees. Clear and regular communication provides employees of the Company with the information that allows them to manage day to day business in line with the overall objectives of the global organisation.

Our apprenticeship programme has been running successfully for many years with ongoing development of our programme resulting in tangible outcomes for our apprentices, industry and diversity. We are increasing the numbers of UK apprenticeships each year working towards closing the skills gap our industry faces, supporting our projects and championing diversity in apprenticeships.

As railway technology is changing, new trains are becoming more complex; we work towards attracting diverse candidates developing our apprenticeship programmes accordingly. We have recruited additional Level 4 higher apprenticeships into our Engineering function which we recognise will attract candidates from a wider more diverse talent pool. In addition, the Trailblazer qualification is being championed. This allows entry at Level 2 and progresses all the way to a master's programme via the new Level 4-7, again opening up a range of lower and higher levels to attract candidates from diverse backgrounds.

Suppliers
Our suppliers add real value to our rail solutions and our services business. We partner with a wide range of suppliers from small businesses to large multinational companies. Together we share a commitment to excellence and focus on providing a great customer experience. The procurement team maintains close relationships with our supplier base actively engaging with them on a regular basis and encouraging them to comply with regulatory, industrial and technological requirements and look to them for high standards for social, environmental, and ethical impact.

Customers
At the core of our business strategy is delivery of excellent services to our customers, fostering strong relationships, developing open channels of communications through both face to face meetings and clear written correspondence, listening to feedback and striving for continual approval.

Government and regulators
The Directors recognise the importance of engagement with the UK Government, and very regularly engages with the Department for Transport (DfT - responsible for the rail industry as a whole), the Department for Business, Energy & Industrial Strategy (BEIS – responsible for the rail industry supply chain), the Department for International Trade (DIT – responsible for exports and the UK Export Finance), the Infrastructure & Projects Authority (IPA) and less regularly with the Treasury and with No10 Downing Street. This contact is in addition to our engagement with UK public sector customers including Transport for London, Crossrail Ltd and HS2 Ltd.

Through our membership of the Rail Industry Association and Rail Forum Midlands we have attended frequent Teams calls and virtual roundtables, and in addition, we engage fairly frequently with members of the Shadow Cabinet, with local MPs, with MPs with a rail or manufacturing interest, and with local Councillors and other local and regional stakeholders.

On 17 July 2024, in the King's Speech, the new government's Passenger Railway Services bill was announced. This allows the government to renationalise nearly all passenger railway services, when existing contracts expire. A new body to oversee track and trains, Great British Railways, would be established. The Directors have carefully considered the impact of these proposed changes, and concluded that no changes need to be made to the financial statements as a consequence.

Non financial and sustainability information statement

Environment, Health & Safety ("EHS")
Alstom Engineering and Services Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with Group policies. There are various initiatives designed to minimise the Company's impact on the environment. Our Environment Management System is accredited to the ISO14001:2015 Standard. This is the fifth year of compulsory reporting under the Streamlined Energy and Carbon Reporting (SECR) policy. This reporting framework extends the scope of mandatory carbon reporting which is enforced through the Companies (Director's Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The Company has documented the integrated Risk and Opportunity Management Process which applies to all parts of Alstom in the UK. It describes the framework for identifying, assessing, managing, and mitigating risks, as well as exploiting opportunities in various operational and strategic contexts. The document is structured to ensure compliance with ISO standards and Alstom's strict internal management protocols. The document defines the importance of risk management in safeguarding Alstom's financial position and reputation. It covers processes for risk identification, registration, mitigation, and financial provisioning, and moreover, integrates Business Continuity Planning to provide confidence to stakeholders. Risks and opportunities include strategic, operational, and project-specific risks, leveraging collaborative relationships when applicable. Climatic risk is included in this comprehensive process.

Our insurance experts identified eight sites in the UK against the climatic modelling based on the geographical position of our sites, the climatic conditions projected for 2050 in a +4.5°C world and interpreted, on this basis, how future climate hazards may impact our operations. As a result of this information several of our locations will require a climate adaptation risk assessment, the outcomes of which will be regularly reviewed. Reports will be included in the relevant site liabilities folders.

Using analysis of these risks, the newly established Estates committee can manage mitigation measures and set timelines to protect both the business and the environment from the consequences of risk realisation.

This committee ensures that the board has a dynamic understanding of all site-related risk and can adapt its response accordingly. An example being the significant investment in one of our principal UK sites to mitigate the business and environmental impact of significant rainfall such as that experienced in the winter and spring of 2024 which was a one in one-hundred-year event.

Climate related risks and opportunities are recorded at site level and escalated through the relevant product line. A business risk management committee reviews escalated risks up to Group level. In the next three years Alstom plan to conduct long term climate resilience surveys for all of the Company's sites to better understand the local impact of climate change on our operations.

Currently, all sites complete an "aspects and impacts" register and an Environmental Phase 1 survey. Outputs of that are summarised in an Alstom environmental site summary document which is stored electronically and reviewed regularly. Where risks and issues cannot be managed locally or require external intervention, they are raised to product line or Group level for additional support.

The company participates in the ESOS programme. Opportunities are prioritised and costed and are supported where possible by local or group funding.

Environmental and climate related risks are considered as part of the overall business management review process and are a significant input when considering the business footprint and any expansion or redevelopment plans.

The business has access to appropriate levels of funding to manage climatic and environmental risk, and the resources internally and through partnerships to deal with issues such as the effects of high levels of rainfall experienced in the last year, as an example. This will be further strengthened by undertaking a long-term climate resilience survey as mentioned above.

Strategic Report

The table below outlines the carbon emissions created by the Company during the year ended March 2025:

			unit	CURRENT REPORTING PERIOD FY24/25 (Apr 24 to Mar 25)	PREVIOUS REPORTING YEAR FY23/4 (Apr 23 to Mar 24)
ENERGY CONSUMPTION AND ASSOCIATED EMISSIONS	Scope 1	Gas	(kWh)	21,539,700	30,995,500
			(t CO_2)	4,364.80	6,199.10
		Gasoil	(kWh)	365,400.0	862,000
			(t CO_2)	99.71	232.740
		LPG	(kWh)	56,300.0	281,100
			(t CO_2)	12.97	67.464
		Acetylene	(kWh)	N/A	N/A
			(t CO_2)		
		Kerosene	(kWh)	N/A	N/A
			(t CO_2)		
	Scope 2	Electricity	(kWh)	19,869,800	23,368,400
			(t CO_2)	4,114.04	4,838.988
		Purchased 100% Green Tariff	(kWh)	As above	As above
			(t CO_2)	0	0
	Scope 3	Business Travel	(kWh)	389,700	420,700
			(t CO_2)	97.25	104.983
	Total		(kWh)	42,220,900	55,927,700
			(t CO_2)	8,688.77	11,443.275
Intensity	Hours Worked - For corresponding year			**4,737,863.00**	**7,062,140**
	Scope 1 & 2 Emissions tCO2e			**8,591.52**	**11,338**
	Energy Intensity Scope 1 + 2 - (tCO2e/Hours Worked)			**0.00181**	**0.00161**

Methodology applied to above figures

The displayed Gas and Electricity data is taken from the Alstom internal reporting system and Company and personal mileage is taken from data held within Alstom's internal expenses system. The carbon emission factors are taken from the DEFRA 2019 -2024 emission factors respectively. The chosen Intensity factors are based on Alstom's 2025 strategy where hours worked are used, tCO2e per mile was considered to be a satisfactory factor to use for travel. The carbon emissions generated for electricity are shown in two formats with both local grid emission factor used. This is also displayed as 0 as Alstom purchases 100% certified green electricity within the UK. Water is calculated from water meters and the correct public supply carbon factor applied.

The Alstom 2025 AIM (Alstom in Motion) strategy has set a series of objectives centered around energy usage and carbon reduction.

The Company continues to operate and grow a series of Health & Safety risk management programmes to ensure the evaluation of compliance throughout the Company with the increasing complexities of Health & Safety legislation and to reduce the incidence of hazardous circumstances that might affect the health and safety of employees and others who may be affected, such as the public and contractors, and to promote a consistent approach to health and safety at all levels of the organisation.

The Company continues to align its accredited Environmental, Occupational Health and Safety Management systems to ensure continuous improvement and risk control, and to reinforce the values, ethics, and culture throughout the Company.

The SLT monitors Environmental, Occupational Health and Safety Performance through regular reviews at scheduled meetings taking actions where necessary to address trends or emerging risks.

Alstom's Group wide Zero Deviation Plan (AZDP), with associated lifesaving rules, continues to have a positive and significant impact on health and safety performance, as does it's Alstom Performance System (APSYS). A programme of self-assessments, calibrated by accredited internal assessors from other parts of the group are undertaken to ensure consistent high standards are maintained. Alstom's principal Health and Safety indicator which measures Lost Time Accidents per million hours worked has risen in the financial year, partly attributed to staff turnover and redistribution of work around the business. Injury Frequency Rate for Employees and Contractors (IFR1) stood at 0.8. The other key performance indicator (KPI) is the Total Recordable Injury Rate (TRIR) which includes all injuries (other than those treated by basic first aid alone) per million hours worked which was 1.2 in the same year.

Ensuring the workforce is competent to undertake our varied work activities is of primary importance. The internal offer from our National Training Academy, opened in February 2023 now includes externally accredited training courses relating to recognised Environmental, Health and Safety standards to ensure our employees have the required technical and non-technical skills to perform their work safely and efficiently. Having an accredited in-house capability ensures a cost effective common approach and supports learning and our open culture.

Training also includes the Alstom Culture Engagement based on best practice behavioural safety techniques, as well as the Health & Safety Passport, which along with other blended learning approaches ensures EHS is considered in everything we do.

The Company's insurers also continue to take a keen interest in these programmes and provide valuable advice about their operation and development. The Company also completes regular reviews with insurers to identify improvement opportunities. EHS issues are also addressed by the implementation of regular audits at UK locations by internal independent auditors as part of programmes such as AZDP and APSYS, by external auditors as part of RISQS (Railway Industry Supplier Qualification Scheme), ISO9001, ISO14001, ISO 45001 certification and by customers (such as the Network Rail 'Principal Contractor Licence' certification) and other organisations as part of the tender and pre-qualification process.

The Company has a well-established Health and Wellbeing strategy which not only ensures legislative compliance but also focuses on the prevention, protection, and improvement in employees' physical and psychological wellbeing, which is aligned to the recently published new ISO 45003 : global standard for psychological health and safety in the workplace which aims to provide clear guidance to employers on how to prevent work related stress and mental health issues.

In association with the Baton of Hope, a suicide and mental ill-health prevention charity, Alstom aims to raise awareness amongst it's managers on how to recognise and mitigate the pressures on their staff as far as possible to ensure a positive mental health culture. Employees were offered the opportunity to participate in various wellbeing programmes throughout 2024-25, with a clear focus on enabling them to proactively improve their physical and mental health.

- Growing network of Mental Health First Aiders across the company;
- Employees Assistance Programme;
- Direct access to mental health services through Bupa; and
- Launch of Men's Talk clubs across eight sites.

Alstom has had its near-term science-based emissions reduction targets validated by the Science Based Targets initiative (SBTi) as consistent with levels required to meet the goals of the Paris Agreement. The SBTi has validated the corporate greenhouse gas (GHG) emissions reduction targets submitted by Alstom as compliant with its criteria and recommendations (version 4.2). The SBTi's target validation team has classified Alstom Group's scope 1 and 2 target ambition and has determined that it is in line with a 1.5°C trajectory. Alstom has updated its carbon targets following the Bombardier Transport acquisition in 2021 which resulted in an expanded perimeter and therefore a revised GHG emissions baseline. Alstom has increased the ambition of its new near-term targets compared to the previous validated ones.

The approved near-term targets are:

- Alstom is committed to reduce absolute direct GHG emissions (scope 1) and indirect GHG emissions (scope 2) from Alstom sites by 40% by 2030/31 from a 2021/22 baseline – in line with a 1.5°C trajectory; and

- Alstom is committed to reduce GHG emissions (scope 3) from the use of sold products from its portfolio of rolling stock solutions by 42% (increased from previous target set at 35%) per passenger-km and 35% per ton-km by 2030/31 from a 2021/22 baseline.

Both targets are in line with the Beyond 2°C scenario (B2DS), the most ambitious one available for Sectoral Decarbonisation Approach for the transport sector.

Strategic Report

Our 2050 Net Zero Target

- At least a 90% absolute reduction on our value chain for all Scopes vs FY2021/22; and
- Balance the remaining emissions through sequestration project

Rail is among the most energy efficient modes of transport for freight and passengers. The model shift from other types of passenger transport to rail will play a key role in the decarbonisation of the mobility sector. Alstom strongly believes in its role to support the transition towards a low carbon future. It's solutions help to decarbonise mobility and contribute to reaching the climate targets set by countries and cities.

To achieve these targets, the AIM strategy includes operational energy efficiency and transition ambitions: decarbonising its operations, with the goal of achieving 100% renewable electricity supply from renewable sources in its operations by the end of 2025; reducing the energy consumption of the portfolio of solutions by 25% by 2025 compared to 2014; and for 100% of newly developed solutions to be eco-designed.

Alstom is engaging to complete a deep decarbonisation of its activities over the value chain, while contributing to the mitigation efforts beyond the Company. The net-zero ambition means that climate targets will be gradually expanded to cover the whole value chain, by setting the right measure efforts and establishing the milestones towards absolute GHG reduction by 2050.

Carbon Reduction Projects

Completed/in progress carbon reduction initiatives

The following environmental management measures and projects have been completed or implemented since the 2021/22 baseline:

Alstom continues to operate a certified ISO14001:2015 Environmental Management System, to drive continuous improvement. The Alstom 2025 AIM strategy has set a series of objectives centred around energy usage and carbon reduction.

In order to reduce the carbon produced by our facilities, Alstom has implemented the recommendations from our SECR and ESOS reporting and further carbon reduction initiatives are proposed to improve our carbon performance in 2025.

These include, but are not limited to:

- The Alstom 2025 strategy has set a global target for 10% self-production of energy utilising initiatives on our sites. This is currently being scoped within the UK at Alstom owned sites. We aim to progress our Solar PV programme in 2025 with installation to follow on all chosen sites before 2026/27;
- Implementation of a full overhaul of our lighting systems with deployment of LED fittings and building management systems, PIR and pressure sensors to optimise our energy usage and reduce maintenance on the lighting systems; and
- There is a drive within Alstom to reduce our dependence on Gas consumption given the current global situation and rising costs and scarcity of resources. Alstom are planning to interlock the doors of our traincare maintenance depots to the heating system. This will give instant payback where the heating system will switch off if the main doors are opened and initiatives such as heat pumps, geothermal and solar heating are being explored where we have sole control of our sites and payback periods align with contract lengths.

Our gas consumption decreased by 29.58% on 2023/24 and we saw a rise in energy intensive activities at our sites during 2024/25, against a backdrop of a major reduction in working hours at Derby. The changes reflect the increase in our scope 1&2 carbon intensity per hours worked.

Support of the global Science Based Targets through a cascade of UK level environmental improvement targets

We continue to evolve the branded fleet beyond our bespoke PHEV vehicles. These have reduced our carbon emissions by over 75g CO2e/km. An overhaul of our company cars has produced an average reduction of 37g CO2/km. We continue to offer full electric cars at all pay grades enabling our staff to find the low carbon option which suits their travel patterns. The approach has allowed Alstom's salary sacrifice car fleet to achieve an average of 3g CO2e/km within this financial year. Our fleet support contract was replaced in 2024 to increase our energy and carbon savings we have included a sustainability questionnaire to all tenderers which will be taken into account as part of the selection process. We will continue to do this in all future contract renewals. Alstom continue to also embed sustainability questionnaires to OEMs tenders allowing us to evaluate the lifecycle carbon-foot print of vehicles. This allows Alstom to ensure fleet sustainability downstream and during operation.

Our project sites are transferring to fully electrified plant, removing the dependence on diesel, transferring sites where we are not able to gain a grid connection using HVO fuel or renewables to power activities. There is a commitment for our D&IS sites to move to diesel free, through use of alternative fuels and/or technologies.

The Company has used 100% green certified electricity from UK sources since 2017. This contributes to a global Alstom objective to use 100% green energy throughout the Company by 2025.

2024/25 sees Alstom participate in Phase 3 of ESOS by submitting an Action Plan based on the recommendations arising from the process being applied to our sites and we will undertake initial audits of our sites with a view to implementing an ISO50001:2018 Energy Management System at selected UK sites for the first time in late 2025.

Future measures

- Full assessment of our Scope 3 emissions and inclusion within our annual reporting. We will set applicable targets in line with our global targets to reduce these within the UK;
- Further changes to our Company fleet as new technologies reach market to extend the electric vehicle offering within Alstom;
- Review installation of EV charges on Alstom owned sites within the UK;
- Alstom plans to install Solar PV at our owned sites within the UK;
- All sites in the UK to have a local energy reduction tracker that highlights gas and electricity opportunities which is reviewed regularly;
- Exploring the option of ground source heating, geothermal or solar heating to reduce the reliance on natural gas for heating our offices and depots;
- Start the national roll out of Energy Management System (EMS) across all Alstom owned sites; and
- A reduction in diesel use in our maintenance depots through replacement fuels.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report, Strategic Report and the Financial Statements in accordance with applicable UK law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless they consider that to be inappropriate.

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

The Directors confirm that they have fulfilled their responsibilities in these regards.

The Strategic Report and Statement of Directors' Responsibilities are approved on behalf of the Board

Rajesh

Rajesh Kumar
Director

30 July 2025

Independent auditor’s report to the members of ALSTOM Engineering and Services Limited

Opinion

We have audited the financial statements of Alstom Engineering and Services Limited (the ‘company’) for the year ended 31 March 2025 which comprise the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 “Reduced Disclosure Framework” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

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

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

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

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to the management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the timing of revenue recognition.

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

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

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

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

Use of the audit report

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

Tim Hudson (Jul 30, 2025 15:25:36 GMT+1)

Timothy Hudson (Senior Statutory Auditor)

for and on behalf of Forvis Mazars LLP

Chartered Accountants and Statutory Auditor

One St Peter’s Square

Manchester

M2 3DE

Statement of Profit or Loss

	Note	2025 £'m	2024 £'m
Revenue	*4*	928.6	1,030.0
Cost of sales		(794.0)	(1,046.6)
Gross profit/(loss)		**134.6**	**(16.6)**
Administrative expenses: Restructuring costs	*5*	(4.1)	(22.9)
Net administrative expenses		(51.4)	(58.8)
Operating profit/(loss) before investment income, interest and taxation	*5*	**79.1**	**(98.3)**
Interest receivable	*9*	0.1	0.5
Interest payable and similar charges	*10*	(33.9)	(26.1)
Financial assets at fair value through profit and loss (FVTPL) – net change in fair value		6.1	(16.3)
Other finance income	*11*	8.4	11.0
Loss on sale of investments in subsidiaries		-	(7.4)
Impairment of investments		(0.7)	(0.4)
Dividends received		10.4	14.7
Profit/(loss) before taxation		**69.5**	**(122.3)**
Taxation on profit/(loss)	*12*	(6.3)	43.9
Profit/(loss) after taxation	*23*	**63.2**	**(78.4)**

Changes have been made to the presentation of the 2024 comparative figures as described in note 5.

The notes on pages 31 to 65 form part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 March 2025

	Note	2025	2024 Restated (note 31)
	Note	**£'m**	**£'m**
Profit/(loss) after taxation for the financial year	*23*	**63.2**	**(78.4)**
Other Comprehensive Income			
Items not reclassified to profit or loss:			
Actuarial loss on defined benefit pension schemes	*23,25*	(13.4)	(95.3)
Deferred tax on actuarial losses		3.3	23.8
Currency translation adjustment -forward exchange contracts		4.8	-
Other Comprehensive loss for year net of tax		**(5.3)**	**(71.5)**
Total Comprehensive profit/(loss) for year net of tax		**57.9**	**(149.9)**

The notes on pages 31 to 65 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 March 2025

	Equity Share capital £m	Other reserves £m	Retained losses £m	Total £m
At 1 April 2023 (as previously stated)	**346.8**	**(19.3)**	**(266.1)**	**61.4**
Re-statement of opening balance sheet (note 31)	-	19.3	-	19.3
At 1 April 2023 as restated	**346.8**	**-**	**(266.1)**	**80.7**
Loss for the year	-	-	(78.4)	(78.4)
Other comprehensive loss for the year	-	-	(71.5)	(71.5)
At 1 April 2024 as restated (note 31)	**346.8**	**-**	**(416.0)**	**(69.2)**
Shares issued during the year (note 22)	300.0	-	-	300.0
Profit for the year	-	-	63.2	63.2
Other comprehensive loss for the year	-	-	(5.3)	(5.3)
Arising on the acquisition of trade and assets of a subsidiary	-	3.2	-	3.2
At 31 March 2025	**646.8**	**3.2**	**(358.1)**	**291.9**

The notes on pages 31 to 65 form part of these financial statements.

Balance Sheet

		2025 £'m	As restated (note 31) 2024 £'m
Fixed assets			
Tangible Fixed Assets	*13a*	48.8	37.7
Right of Use Assets	*13b*	5.8	6.7
Investments	*14*	37.2	40.9
		91.8	**85.3**
Current assets			
Stocks – raw materials and consumables	*15*	88.4	52.4
Contract assets	*16*	559.6	776.3
Deferred tax assets	*12*	21.7	24.9
Trade and other receivables [1]	*17*	242.3	343.3
Cash at bank and in hand		0.2	0.3
		912.2	1,197.2
Creditors: amounts falling due within one year [2]	*18*		
Trade and other creditors		(470.1)	(949.4)
Contract liabilities		(251.0)	(317.8)
Net current assets/(liabilities)		**191.1**	**(70.0)**
Total assets less current liabilities		**282.9**	**15.3**
Creditors: amounts falling due after more than one year [2]	*19*	(17.8)	(18.4)
Provisions for liabilities	*21*	(116.1)	(212.7)
Net assets/(liabilities) before net pension surplus		**149.0**	**(215.8)**
Net pension surplus	*25*	142.9	146.6
Net assets/(liabilities)		**291.9**	**(69.2)**
Capital and reserves			
Called up share capital	*22*	646.8	346.8
Retained losses [1]	*23*	(358.1)	(416.0)
Capital contribution reserve	*23*	3.2	-
Shareholders' funds/(deficit)		**291.9**	**(69.2)**

[1] Changes have been made to prior year comparatives in respect to the correction of a prior year error (note 31)

[2] Changes have been made in relation to [1] above, in addition to the reclassification described in note 19

The notes on pages 31 to 65 form part of these financial statements. These Financial Statements were approved and authorised for issue by the board of directors and were signed on its behalf by:

Rajesh Kumar, Director, 30 July 2025

Registered number: 02235994

Notes to the Financial Statements

Contents

Notes to the Financial Statements (continued)

1. Authorisation of financial statements and compliance with FRS 101

The financial statements of ALSTOM Engineering and Services Limited (the "Company") for the year ended 31 March 2025 were authorised and issued by the board of directors as indicated on page 29.

ALSTOM Engineering and Services Limited is incorporated and domiciled in England and Wales. The Company is privately held and limited by shares. Its registered office is Litchurch Lane, Derby, DE24 8AD.

These financial statements are presented in Sterling, which is also the functional currency of the Company, and all values are rounded to the nearest million pounds, except where otherwise stated.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable UK accounting standards and the Companies Act 2006.

The Company has taken advantage of the exemption from the requirement to prepare group accounts by virtue of Section 401 of the Companies Act 2006, as the Company is a wholly owned subsidiary. These financial statements therefore present information about ALSTOM Engineering and Services Limited as an individual undertaking and not about its Group.

The principal accounting policies are set out in note 2. The Financial Statements are prepared on a going concern basis.

2. Accounting policies

2. 1 Basis of preparation

The financial statements have been prepared under the historical cost convention, except for derivative financial instruments, which have been measured at fair value, and in accordance with applicable International Financial Reporting Standards.

During the year, the Company changed its accounting policy to adopt solely fair value hedge accounting, rather than cash flow hedge accounting. This necessitated correction of a prior year error. Further details are given in note 31.

FRS 101 permits that the statement of profit or loss and balance sheet are presented in the format requirements of the Companies Act 2006, rather than the requirements of International Accounting Standard (IAS) 1 - Presentation of Financial Statements.

A summary of the disclosure exemptions adopted for the year ended 31 March 2025 is presented below. Equivalent disclosures for share based payments and financial instruments are included in the ALSTOM Group consolidated financial statements allowing the exemptions to be applied.

Area	Disclosure exemption
Cash flow statements	Complete exemption from preparing a cash flow statement.
Share-based payments	Exemption from disclosure of financial information as required by paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment, as the share-based payments concern the instruments of another group entity.
Financial instrument disclosures	Exemption from the disclosure requirements of IFRS 7 (Financial Instruments) and related IFRS 13 disclosures.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Area	Disclosure exemption
	Disclosures in respect of management's objectives, policies and processes for managing capital (IAS1.134 to 136).
Revenue from contracts with customers	Exemption from the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
Related party disclosures	Exemption from disclosure of related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to a transaction is wholly owned by such a member.
	Exemption from disclosure of key management personnel compensation.
Comparative information	Exemption from disclosure of comparative information for movements in share capital, tangibles, intangibles and investment property.
Presentation of Financial Statements	Exemption from statement of compliance with IFRS, cash flow information and capital management policy.
Restatement of prior year	Exemption from disclosure of a third comparative balance sheet in respect of the earliest impacted period (IAS1:40)
Accounting Policies, Changes in Accounting Estimates and Errors	FRS 101 paragraph 8(i) states that a qualifying entity is exempt from the IAS 8 requirement to disclose details of a new IFRS which has been issued but is not yet effective and has not been applied by the entity. IAS 8 paragraphs for which exemption is available: 30 and 31.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are discussed in the Strategic Report, and these factors have been considered when preparing the financial projections of the Company. Discussion of going concern is also covered in the Directors' Report.

The Financial Statements have been prepared on a going concern basis, which assumes the Company will continue in operational existence for the foreseeable future.

The Company's business activities, together with the factors likely to affect its future development and position, are discussed in the Strategic Report, and these factors have been considered when preparing the financial projections of the Company.

The Financial Statements have been prepared on a going concern basis, which assumes the Company will continue in operational existence for the foreseeable future.

The Directors have undertaken a rigorous assessment, considering the current level of borrowings, and future cash needs through to 31 August 2026, by considering the Company's 3-year plan and the future evolution and growth of the Company's business.

The balance sheet at 31 March 2025 shows net assets of £291.9m. This represents an increase since 31 March 2024 which had net liabilities of £69.2m, the increase principally due the positive impact of a £300.0m capital injection from the Company's immediate parent, and significant profit earned during the year. Net current assets at 31 March 2025 were similarly increased to £191.1m (2024: liabilities of £70.0m).

The balance sheet incudes Borrowings (on the current account, part of Alstom's cash pooling arrangements) of £86.4m (2024: £387.1m). It should be noted that the Company, per the terms of the Treasury management agreement it has entered into is able to access funds through the cash pooling facility on a day-to-day basis, without needing to apply in advance for additional funds or a formal loan.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

The Directors have considered the trading performance of the Company in the period since 1 April 2025, and the cash and liquidity position of the business at the date of approving the financial statements.

Whilst the Company has experienced trading losses up until the 2024 year end, predominantly the result of losses being experienced on the Aventra rolling stock contracts, the Company returned to profitability in 2025. This was partly a result of the stemming of losses generally on Aventra as the contracts have progressed, as well as strong profit generation on the Services portfolio of contracts. Management and the Directors are now far more confident that the Aventra contracts which have experienced significant losses are under far more control and predictability, and that the Company has a positive future.

The impact of global conflicts and macro-economic risks/impacts have been considered in management's review. It should be noted that none of the Company's contracts are directly impacted, and whilst the macro economic backdrop could prove challenging for many businesses, including our own, we consider that the Company is well placed to manage the financial impact of such risks.

The 3-year plan for the Company has been approved, and it shows the Company continuing to be profitable and positive cash flow in FY25-26 and beyond. June 2024 saw the announcement that the Company had signed a 430m EUR contract for 10 new nine-car Aventra trains and maintenance until 2046. This secured the immediate future of Derby site, which will be instrumental in the delivery of the HS2 build contract in the longer term. As such, there are no plans to close or reduce the scope of the manufacturing facilities, and no further compulsory redundancies are planned for Derby. Whilst redundancies were announced during the year, these were relatively limited and all of a voluntary, not compulsory nature.

These are very key contracts in context of the UK (and Group) order book and secures the importance of the UK company in ALSTOM's global plans. The Directors note that if there was any risk perceived that ALSTOM Group would not continue to fully support AESL as an entity, and have confidence in its management and future prospects, it would not have agreed to a further £300m capital injection during the year. It should be noted that the immediate parent company that provided this capital injection itself still has significant cash reserves even after this recent share subscription as shown in its financial statements drawn up to 31 March 2025 (265.5m EUR including the amounts on deposit with ALSTOM Holdings at the year end) meaning that it is in a position to provide further UK to UK company funding if ever this was required, subject to approval by ALSTOM. At present, the Directors perceive no need to draw down this additional funding.

The Company manages its day to day working capital and funding requirements through inter-group loans.

The period considered by management when concluding on the ability of the Company to continue operating as a going concern runs to 31 August 2026.

Management have considered downside and stress scenarios and the possibility that the Company is unable to achieve the 3-year plan. In such scenarios, the Directors would seek to draw on further funding from the cash-pooling arrangement, and management have been given assurances that ALSTOM Holdings SA would have the ability and intent to provide such support. The Directors did not consider it necessary to request that ALSTOM Holdings SA issue a further formalised "letter of comfort" in the current year, on the basis of the Company's strong return to profitability, improved balance sheet position and positive 3-year plan.

As ALSTOM's Corporate Treasury vehicle, Alstom Holdings SA centralizes intragroup loans and deposits with the Group's subsidiaries. Alstom Holdings SA is the direct subsidiary of the listed company Alstom SA and the direct or indirect shareholder of all the Alstom groups' subsidiaries.

2. Accounting policies (continued)

The Directors have received adequate assurances that there has been no significant deterioration in ALSTOM SA's financial strength since 31 March 2025, ALSTOM SA's most recent year end date, and up to the date of approving these financial statements.

Access to liquidity for its subsidiaries has been demonstrated over many years by an historical track record of ALSTOM Holdings SA in providing a stable access to the Cash-Pool and other funding sources to all its participants to secure the sustainability of their operations. No credit limit has been defined for the Company.

In the unlikely event that ALSTOM Holdings SA was not able to provide sufficient funding to the Company, there would be a material uncertainty over the Company's ability to continue operating as a going concern, because of the provision of a significant level of Group borrowings (note 18). However, this scenario is considered by the Directors to be remote. On the basis of the above, the Company's directors believe it is therefore appropriate to prepare the financial statements on the going concern basis.

2.2 Use of estimates and judgement

The application of the Company's accounting policies requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

Management's best estimates concerning the future are based on the facts and circumstances available at the time estimates are made, however, the nature of estimation means that actual outcomes could differ from those estimates.

The following identifies areas where management's judgements and estimates have the most significant effect on amounts recognised in the financial statements.

Significant judgments

IFRS15: Revenue from contracts with customers

With regard to application of IFRS15, the Directors have reviewed and continually re-assess the following areas involving judgement, which impact on the accounting for contracts:

- Assessment as to whether a bundle of goods and/or services are distinct within the context of the contract and hence whether there is a single performance obligation (PO) or multiple PO's. Combined 'maintenance and spare parts' contracts are normally considered as a single PO, as are 'maintenance and depot provision' contracts, since they normally comprise highly customised and integrated systems (outputs) for which the customer has specifically contracted;
- Assessment of the enforceable period for a contract i.e. contract duration, in which specific attention is paid to the assessment of the "enforceable" contract term (i.e. contractual period(s) during which parties actually have enforceable rights and obligations), specifically including when it is appropriate to recognise revenue as highly probable;
- The application of variable consideration constraints when determining the transaction price, specifically including when it is appropriate to recognise non-agreed variation orders as highly probable, application of variable constraints for inflation-based contract price adjustments and application of variable constraints to target cost contracts; and
- Assessment of whether transfer of control over time is appropriate with revenue recognised on a cost-to-cost method, on the basis that there is simultaneous reception and consumption of the goods and services for long term service agreements, and both enforceable right to payment for performance completed to date and no alternative use in practice for construction contracts.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Inventory provisions

- At the closing date, inventories are measured at the lower of cost or net realisable value (NRV) using judgement to determine NRV. Therefore, a regular review is undertaken, at least for half year and year-end closings, in order to identify inventories that may be impaired. In assessing whether there is an indication that an item of inventory may be impaired, the following information is considered: damage, obsolescence, slow moving, decline in selling price, etc. In the case of slow-moving items, the determination of the net realisable value of inventories is based upon a combination of classification of inventories according the ratio of annual sales to inventory (ending quantity in inventory/ quantity used or sold during the last 12 months), as well as a commercial understanding of the future demand for parts on specific train fleets, which by their nature often have considerable lifespans.

Use of estimates

Revenue and margin recognition on construction and long-term service contracts and related provisions

The Company recognises revenue and gross margin on construction and long-term service contracts under a percentage of completion basis, based on the cost to cost method. When a project review indicates a negative gross margin, the loss related to work not yet performed is immediately recognised.

Recognised revenue and margin are based on estimates of total expected contract revenue and cost, which are subject to revisions as the contract progresses. Total expected revenue and cost on a contract reflect management's current best estimate of the probable future benefits and obligations associated with the contract. Assumptions to calculate present and future obligations take into account the commercial and contractual positions, assessed on a contract-by-contract basis.

Many of our long term maintenance contracts include inflation clauses whereby the level of income to be received from the customer is directly impacted by movement in relevant indices defined in the contract. As such, when estimating the level of revenue to be earnt over the course of the contract term, management are required to make assumptions as to the likely future level of inflationary increases as this directly impacts the level of revenue assumed at completion and therefore the gross margin to be traded.

Recognised revenues, costs and claims are all subject to revisions as contracts progress. These are all subject to a range of different estimates by management and are updated regularly.

Provisions, including onerous contract provisions, provisions for liquidated damages and warranty are regularly reviewed by management and adjusted as necessary based on expected contract outcomes. The warranty clauses typically agreed in contracts require the Company to carry our rectification works at its own expense, offset where applicable by amounts that can be passed on to the Company's suppliers, to the satisfaction of our customers.

Disclosure of sensitivity analysis concerning the estimates used is not practicable, in view of the large number of contracts operated by the Company, and the bespoke nature of each contract.

Further details of the accounting for long term contracts are described in note 2.3.

Pension and other post-employment benefits

The costs of defined benefit pension plans are determined using actuarial valuations to measure pension and other post-employment benefit costs, assets and obligations and the company employs qualified actuaries to assist in the evaluation. The actuarial valuation involves making assumptions regarding discount rates, expected long-term rate of return on plan assets, compensation and pre-retirement benefit increases, and inflation rates, as well as demographic factors such as employee turnover, retirement and mortality rates.

Such estimates are subject to significant uncertainty and the criteria used in determining the estimates are described in the retirement benefit schemes note (note 25),along with sensitivity analysis which shows how important each of the assumptions listed above are, in determining the pension surplus/(deficit).

During the year, the Directors have also considered the impact of IFRIC14 guidance in their assessment of the rights to a pension scheme surplus and accounted accordingly. In making this assessment, the Directors consider the rights of third parties, including the Trustees of the Schemes in determining whether a surplus can be recognised.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Taxation

The Company can at times be subject to audit by tax authorities. Where these arise the Company considers each issue on its merits and, where appropriate, holds provisions in respect of the Directors' best estimate of the potential tax liability that may arise. As disclosed in note 19, the Company has provided an amount of £11.9m for uncertain tax positions in respect of foreign tax assessment. The assessment is subject to ongoing Mutual Agreement Procedure the Company submitted to relevant foreign tax authority and HMRC, conclusion and timing of which is uncertain. The Directors consider these matters are unlikely to be resolved within 12 months of the balance sheet date. The amount provided represents the Directors' best estimate of the potential liability. However, the amount ultimately paid may differ from the amount provided and could therefore affect the Company's overall profitability and cash flows in future periods.

Management judgement is required to determine the extent to which deferred tax assets can be recognised. Future sources of taxable income are taken into account in making this determination. This assessment takes into account past, current and future performance derived from the existing contracts in the order book and the budget. Further details of the deferred tax assets recognised and not recognised is included in note 12 to the financial statements.

2.3 Significant accounting policies

Revenue recognition

Revenue is attributable to long term contracts for the manufacture, repair and maintenance of railway rolling stock and components. The Company is also involved in the design and integration of transportation systems, its products encompassing complete transit systems and security solutions, along with the design, development, manufacture and installation of signalling equipment and systems for railways, equipment process control schemes and industrial telemetry equipment.

Long term contracts

IFRS 15 Revenue from Contracts with Customers applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Revenues from long term contracts are recognised using the percentage of completion method of accounting, less any liquidated damages. Liquidated damages are penalties attributable to specific contracts and are deducted from revenues. The percentage of completion is generally determined by comparing the actual costs incurred to the total costs anticipated for the entire contract, excluding costs that are not representative of the measure of performance. The revenue from certain maintenance contracts is recognised based on an output method for maintenance and other long-term services. Cost of sales of long-term contracts is established based on actual costs incurred, including materials, direct labour, manufacturing overhead costs and other costs such as warranty. If a contract review indicates a negative gross margin, the entire expected loss on the contract is included as onerous contract provisions on the balance sheet in the period in which the negative gross margin is identified.

With respect to construction contracts and long-term service agreements, aggregates called "Contract assets" and "Contract liabilities" are disclosed, determined on a contract by contract basis. "Contract assets" correspond to the unbilled part of revenues recognised to date net of the advance payments received from customers. Unbilled part of revenue corresponds to revenue recognized to date in excess of progress billings. On the contrary, when progress billings are in excess of revenue recognised to date, the net amount is accounted for as deferred income and aggregated with the related advance payments received from customers under the caption "Contract liabilities".

Rendering of services

Revenue, which is stated net of value added tax, represents the value of services provided and invoiced to third parties, except in respect of long-term contracts where revenue represents the sales value of work done in the year, including estimates in respect of amounts not invoiced.

Dividends

Dividend income is recognised when the Company's right to receive payment is established.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Research and development

Expenditure on research is expensed in the statement of profit or loss in the year in which it is incurred. Development costs are included in the balance sheet as an asset only if costs can be measured reliably and it is probable that future economic benefits associated to the asset will flow to the entity. Development costs held as an asset are carried at historical cost less any accumulated amortisation.

Foreign currency translation

Transactions in foreign currencies are recorded at the spot rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of profit or loss.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset;
- The Company has the right to obtain substantially all of the economic benefits from using the asset; throughout its period of use; and
- The Company has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.
However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. The Company recognises a right-of-use (ROU) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as other fixed assets. In addition, the ROU asset is periodically reduced by impairment losses where relevant.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily

determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the asset has been reduced to zero.

The Company has elected not to recognise ROU assets and lease liabilities for short term leases of assets that have a lease term of 12 months or less. The Company recognises the lease payments on these leases as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Operating leases as a lessor
The Company recognises rental income on a straight-line basis over the period of the operating lease.

Intangible assets
Intangible assets are carried at historical cost less amortisation and any impairment.

Tangible assets
All tangible assets are initially recorded at historical cost less depreciation and any impairment.

Depreciation and amortisation
Depreciation and amortisation of tangible and intangible assets is charged to the statement of profit or loss on a straight-line basis and is provided on all intangible assets with a finite useful life and tangible fixed assets, except for freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Tangible Assets	
Freehold buildings	- over 5 to 40 years
Plant & machinery	- over 3 to 20 years
Intangible assets with a finite useful life – software and IP Pool	- over 3 to 8 years

Assets in the course of construction are not depreciated until brought into use. Repairs of assets are charged to the statement of profit or loss as incurred.

Impairment of non-financial assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the assets recoverable amount in order to determine the extent of the impairment loss.

Non-current assets held for sale
Non-current assets identified for sale are classified as such if their carrying amount will be recovered principally through a sale rather than through continued use and;

i. the asset is available for immediate sale; and
ii. the sale is highly probable with the appropriate level of management committed to a plan to sell the asset.

Non-current assets held for sale are valued at the lower of their carrying value at the date they are recognised as being available for sale, or at their fair value.

Investments
Investments in associates, subsidiaries and joint ventures are stated at cost less any impairment. In accordance with IAS 36, the Directors consider the carrying value of investments for impairment on an annual basis. Any reductions in value arising from the impairment of investments are charged to the statement of profit or loss. When the Directors consider that any impairment has been reversed this is credited to the statement of profit or loss.

Stocks – raw materials and consumables

Raw materials and consumables are stated at the lower of cost and net realisable value. Cost is based on average price and includes all costs incurred in bringing each product to its present location and condition.

2. Accounting policies (continued)

Trade and other receivables

Trade debtors, which generally have 30 – 90-day terms, are recognised and carried at the lower of their original invoice value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when in line with the Expected Credit Loss method prescribed by IFRS 9. Balances are written off when the probability of recovery is assessed as being remote.

IFRS 9 requires the company to apply an expected credit loss impairment model that requires more timely recognition of expected credit losses. The standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

We have not included IFRS7 disclosures for ECL on inter-company receivables, as all Group entities have access to Alstom cash-pooling facilities.

Cash and cash equivalents

The Company deposits its cash and cash equivalents with the ALSTOM Group's treasury function on overnight deposit. The amounts deposited are pursuant to intercompany loan arrangements. While the Group has the power to control decisions of subsidiaries of which it is the majority owner, its subsidiaries are distinct legal entities and their payment of dividends and granting of loans, advances and other payments to the Group may be subject to legal or contractual restrictions, be contingent upon their earnings or be subject to business or other constraints. As such, the Directors consider that the amounts deposited under such intercompany loan arrangements should be disclosed as 'cash and cash equivalents' when an asset and as 'Borrowings' (note 18) when a liability.

Income and Deferred taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the statement of profit or loss.

Deferred taxation is recognised in respect of all temporary differences that have originated but have not been reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, or receive more tax.

The exception to this is that deferred taxation assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits generated by the Company from which the underlying temporary differences can be deducted.

Deferred taxation is measured on an undiscounted basis at the taxation rates that are expected to apply in the periods in which temporary differences reverse, based on taxation rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

2. Accounting policies (continued)

Forward currency contracts and hedging

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

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

Fair value hedge accounting

As set out in note 31, in previous financial years the Company adopted a cash flow hedging policy. This was changed during the current year and necessitated correction of a prior year error.

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

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

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

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

Financial assets

Financial assets are recognised when the Company becomes party to the contracts that give rise to them and are classified as financial assets at fair value through profit or loss; or as loans and receivables, as appropriate. The Company determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, being the date that the Company commits to purchase or sell the asset. Regular way transactions require delivery of assets within the timeframe generally established by regulation or convention in the market place. The subsequent measurement of financial assets depends on their classification, as follows:

Financial assets classified as held for trading and other assets designated as such on inception are included in this category. Financial assets are classified as held for trading if they are acquired for sale in the short term. Derivatives are also classified as held for trading unless they are designated as hedging instruments. Financial assets are carried in the balance sheet at fair value with gains or losses recognised in the statement of profit or loss.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method if the time value of the money is significant. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities

Financial liabilities are recognised when the Company becomes party to the contracts that give rise to them and are classified as financial liabilities at fair value through profit or loss.

Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the amount is material and is expected that the settlement of the obligation is more than one year or after the normal operating cycle of the business, the expected future cash flows are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Warranty costs

A provision for warranty cost is recorded when revenue for the underlying product is recognised. The cost is estimated based on a number of factors, including the historical warranty claims and cost experience, the type and duration of the warranty coverage, the nature of products sold and counter-warranty coverage available from the Company's suppliers. Warranty expense is recorded as a component of cost of sales. The effect of the time value of money is not material and therefore the provisions are not discounted.

Provisions for liquidated damages

Provisions for liquidated damages arise when management determine that liquidated damages are payable to customers in accordance with contractual terms, bearing in mind the stage of completion of projects and performance on contracts. The impact of recording provisions for liquidated damages is to reduce revenue recognised on contracts. The effect of the time value of money is not material and therefore the provisions are not discounted.

Restructuring costs

A provision for restructuring arises when costs are expected to be incurred and amounts are expected to be paid to redundant employees as a result of a restructuring plan by the Company. When considered significant, restructuring costs are disclosed separately in the Statement of Comprehensive Income after operating profit/(loss). The effect of the time value of money is not material and therefore the provisions are not discounted.

Exceptional items

The Company presents as exceptional items those material items of income and expenditure which, because of their nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

2. Accounting policies (continued)

Pensions

The Company operates a number of pension schemes. The pension schemes are of the defined benefit and defined contribution type. The assets of the defined benefit type are held in separate trustee administered funds. Contributions to the defined contribution schemes are recognised in the income statement in the period in which they become payable.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current year (to determine current service costs) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice. Past service costs are recognised immediately in profit or loss.

When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss recognised in the income statement during the year in which the settlement or curtailment occurs.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The net interest is recognised in the Statement of profit or loss as other finance income/expense.

Actuarial gains and losses are recognised in full in other comprehensive income in the year in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), adjusted for any past service cost not yet recognised and adjusted for the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published mid-market price. It is management's opinion that the difference between mid-market and bid price valuations is not material. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Where the company has an unconditional right to a surplus as calculated in accordance with IAS19R in respect of certain schemes, this is recognised as an asset in the financial statements. In making this assessment, the Directors consider the rights of third parties, including the Trustees of the Schemes in determining whether a surplus can be recognised.

Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

(i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and

(ii) the instrument is a non-derivative that contains no contractual obligation to deliver a variable number of shares or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or other assets for a fixed number of the company's own equity instruments.

When shares are issued, any component that creates a financial liability of the Company is presented as a liability in the balance sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the statement of profit or loss. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' funds, net of transaction costs. The carrying amount of the equity component is not re-measured in subsequent years.
Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Notes to the Financial Statements (continued)

3. Changes in accounting policies

There have been new standards and amendments that have been considered by the Directors in the current financial year. However, they did not have a material impact on the Company's financial statements:

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information;
IFRS S2 Climate-related Disclosures;
Classification of Liabilities as Current or Non-Current and classification of Non-current Liabilities with Covenants (Amendments to IAS 1);
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16); and
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The Company has not opted for early application at 31 March 2025 of IFRS requirements already published by the IASB which will become mandatory in future periods, but the Directors do not expect these changes to have a significant impact upon the financial statements.

4. Revenue

Revenue and operating profit/(loss) is primarily based on UK activity though £134.6m (2024: £158.5m) is in respect of projects delivered in other geographical locations, which includes £82.1m (2024: £144.1m) in Africa and £39.9m (2024: £1.3m) in the Middle East. Revenue reported on contracts during the year is analysed in the table below:

	2025	2024
Revenue by stream:	**£'m**	£'m
Rolling stock	**93.4**	295.2
Services	**716.3**	679.7
Signalling	**118.9**	55.1
	928.6	1,030.0

5. Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2025	2024
	£'m	£'m
Depreciation of fully owned tangible assets	**3.5**	7.2
Depreciation of right of use assets	**2.3**	1.5
Restructuring costs	**4.1**	22.9
Auditors' remuneration (see note 6)	**0.5**	0.4
Research and development	**7.3**	20.5
Gain on foreign exchange	**(5.3)**	(0.5)

Restructuring costs have been disclosed before arriving at Operating profit/(loss) in the current year, and the prior year comparatives have been restated to ensure consistency in the presentation adopted.

6. Auditors' remuneration

	2025	2024
	£'m	£'m
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**0.5**	0.4

Notes to the Financial Statements (continued)

7. Directors' emoluments

	2025 £'m	2024 £'m
Aggregate remuneration in respect of qualifying services	**0.8**	1.2
Compensation for loss of office	**0.2**	0.2
Company contributions to defined contribution pension arrangements	**-**	-

	2025 £'m	2024 £'m
Amounts in respect of the highest paid director are as follows:		
Aggregate remuneration in respect of qualifying services	**0.1**	0.2
Compensation for loss of office	**0.2**	0.2
Company contributions to defined contribution pension arrangements	**-**	-

Certain of the Directors provided their services principally to two Companies, ALSTOM Engineering and Services Limited, and ALSTOM Transport UK Limited, a fellow Group undertaking. An estimate of the emoluments that are attributable to each of the Companies has been made, based on an estimate of time spent providing services to each entity. As such, the amounts included above represents amounts attributable to services provided to this Company only and the remainder of the emoluments are disclosed in the financial statements of ALSTOM Transport UK Limited.

The Directors are considered to be the entity's key management personnel.

8. Staff costs

a) Employee costs

	2025 £'m	2024 Restated £'m
Wages and salaries	**153.6**	157.8
Social security costs	**16.4**	18.0
Other pension costs	**11.5**	12.8
	181.5	188.6

b) Average monthly number of employees during the year

	2025 No.	2024 No. Restated
Production	**1,736**	1,936
Engineering	**473**	478
Project management	**172**	169
Administration	**59**	68
	2,440	2,651

The above amounts for employee costs and number of employees exclude contractors. The prior year comparatives have been restated to exclude contractors.

Included in the pension costs are £3.4m (2024: £4.8m) in respect of defined benefit schemes and £8.1m (2024: £8.0m) in respect of the defined contribution scheme (see note 25).

Notes to the Financial Statements (continued)

9. Interest receivable

	2025	2024
	£'m	£'m
Amounts received from Group undertakings	**0.1**	0.5
	0.1	0.5

10. Interest payable and similar charges

	2025	2024
	£'m	£'m
Interest payable to Group undertakings	**28.7**	26.1
Other interest payable – on finance leases	**0.7**	-
Net costs on foreign exchange hedging	**4.5**	-
Interest payable and similar charges	**33.9**	26.1

11. Other finance income

	2025	2024
	£'m	£'m
Net return on pension schemes (note 25)	**8.4**	11.0

12. Taxation on profit/(loss)

a) Tax charge/(credit) in the Statement of Profit or Loss

	2025	2024
	£'m	£'m
Current income tax:		
Current year credit	**(4.2)**	(38.9)
Adjustments in respect of previous years – group relief	**3.6**	(4.3)
Foreign tax	**0.4**	0.3
	(0.2)	(42.9)
Deferred taxation		
Recognition of deferred tax	**6.5**	(1.0)
	6.5	(1.0)
Taxation charge/(credit) on profit/(loss) (note 12(b))	**6.3**	(43.9)

Notes to the Financial Statements (continued)

12. Taxation on profit/(loss) (continued)

b) Reconciliation of the total tax charge

The tax charge/(credit) in the statement of profit or loss for the year differs from the standard rate of corporation tax in the UK of 25% (2024: 25%). The differences are reconciled below:

	2024	2023
	£'m	£'m
Profit/(loss) on ordinary activities before taxation	**69.5**	(122.3)
Profit/(loss) on ordinary activities multiplied by standard rate of UK corporation tax of 25% (2024: 25%)	**17.4**	(30.6)
Effects of:		
Non taxable income	**(2.6)**	(3.7)
Losses brought forward surrendered in the current year	**(12.9)**	(4.2)
Impairment of investments	**0.2**	2.0
Permanent adjustments	**-**	3.0
Adjustments to taxation charge in respect of previous years – group relief	**3.6**	(4.3)
Foreign tax	**0.4**	0.3
Deferred tax not recognised	**-**	(5.4)
Deferred tax asset now recognised	**0.2**	(1.0)
Total taxation charge/(credit) for the year (note 12(a))	**6.3**	(43.9)

c) Deferred tax

	2025 Recognised	**2025 Not recognised**	**2024 Recognised**	**2024 Not recognised**
	£'m	**£'m**	**£'m**	**£'m**
Depreciation in excess of capital allowances	**(1.3)**	**-**	-	7.3
Other timing differences	**-**	**1.2**	-	10.9
Capital losses	**-**	**2.0**	-	2.0
Losses	**58.7**	**133.4**	61.5	139.5
Pension	**(35.7)**	**-**	(36.6)	-
Deferred tax asset/(liability)	**21.7**	**136.6**	24.9	159.7

The Directors have carefully considered the extent to which deferred taxation on losses should be recognised. The factors taken into account include the Company's return to profitability in the current financial year, alongside consideration of the profits expected to be earned according to the Company's detailed three-year plan.

Alstom is in the scope of the Pillar Two Model Rules as released by the OECD, introducing a minimum corporate income tax rate of 15%. The legislation has been enacted in the United Kingdom and is applicable to Alstom at 1 April 2024. It did not result in a significant impact on Alstom's tax charge as at 31 March 2025.

12. Taxation on profit/(loss) (continued)

The deferred tax asset/(liability) movement for the year is as follows:

	On pension scheme asset £m	On losses and other temporary differences £m	Total £m
Balance at 1 April 2024	**(36.6)**	**61.5**	**24.9**
Charged to income statement			
Current period	(2.4)	(4.1)	(6.5)
Credited to Other Comprehensive Income	3.3	-	3.3
Balance at 31 March 2025	**(35.7)**	**57.4**	**21.7**

13. Fixed assets

a) Tangible fixed assets

	Freehold land and buildings £'m	Short leasehold buildings £'m	Assets in the course of construction £'m	Plant and machinery £'m	Total £'m
Cost					
At 1 April 2024	66.4	1.2	2.2	70.0	139.8
Additions	1.8	-	11.1	1.7	14.6
Disposals	(0.2)	-	-	(3.2)	(3.4)
Re-classification	0.2	-	-	(0.2)	-
At 31 March 2025	**68.2**	**1.2**	**13.3**	**68.3**	**151.0**
Depreciation or impairment					
At 1 April 2024	38.8	1.2	-	62.1	102.1
Depreciation charge for the year	1.5	-	-	2.0	3.5
Disposals	(0.2)	-	-	(3.2)	(3.4)
Re-classification	(0.2)	-	-	0.2	-
At 31 March 2025	**39.9**	**1.2**	**-**	**61.1**	**102.2**
Net book value					
At 31 March 2025	**28.3**	**-**	**13.3**	**7.2**	**48.8**
At 31 March 2024	27.6	-	2.2	7.9	37.7

Included in freehold land and buildings is land held at a cost of £8.4m (2024: £8.4m), which is not depreciated.

Notes to the Financial Statements (continued)

b) Right of Use Assets

	Land	Buildings	Vehicles & Equipment	Total
	£'m	£'m	£'m	£'m
Cost or valuation				
At 1 April 2024	0.2	37.2	2.9	40.3
Additions	-	0.2	0.7	0.9
On acquisition of business	-	0.7	-	0.7
Disposals	-	-	-	-
At 31 March 2025	**0.2**	**38.1**	**3.6**	**41.9**
Depreciation or impairment				
At 1 April 2024	0.2	32.4	1.0	33.6
On acquisition of business	-	0.2	-	0.2
Charge for the year	-	1.5	0.8	2.3
Disposals	-	-	-	-
At 31 March 2025	**0.2**	**34.1**	**1.8**	**36.1**
Net book value				
At 31 March 2025	**-**	**4.0**	**1.8**	**5.8**
At 31 March 2024	-	4.8	1.9	6.7

14. Investments – non-current

	2025	2024
	£'m	£'m
Associates and joint ventures	**36.9**	36.9
Other fixed asset investments	**0.3**	4.0
	37.2	40.9

Other fixed asset investments	2025	2024
	£'m	£'m
Cost		
At the start of the year	**52.7**	96.0
Additions	**-**	1.2
Disposals	**-**	(44.5)
At the end of the year	**52.7**	52.7
Amounts provided		
At the start of the year	**48.7**	92.8
Additions	**3.7**	0.4
Disposals	**-**	(44.5)
At the end of the year	**52.4**	48.7
Net book value		
At the end of the year	**0.3**	4.0

14. Investments – non-current (continued)

The Company has reviewed its investments in subsidiaries, associates and joint ventures, and as a result no new impairments were deemed necessary. Investments in entities which are dormant or insignificant have been excluded from the listing below:

Held directly by the company	Incorporated	Holding	Principal activities
Subsidiaries			
Crossfleet Ltd	England	100% Ordinary	Maintenance of railway stock
Bombela Maintenance Ltd	South Africa	90% Ordinary	Maintenance & repair of rolling stock
Bombela Electrical & Mechanical Works (Proprietary) Ltd	South Africa	90% Ordinary	Design, manufacture and installation of railway components
Infrasig Ltd	England	100% Ordinary	Vehicle to perform work under ETCS framework agreement
Associates and Joint Ventures			
CRRC Puzhen Alstom Transportation Systems Ltd	China	50% Ordinary	Design, manufacture, integration and sale of APM and monorail vehicles and systems
Isithimela Rail Services (Proprietary) Ltd	South Africa	50% Ordinary	Construction of track works
Bombela TKC (Proprietary) Ltd*	South Africa	25% Ordinary	Rail system delivery management
Alstom Services Saudi Arabia Ltd	Saudi Arabia	51% Ordinary	To perform local work on Saudi contracts
WhereIsMyTransport	England	1.68% Ordinary	Business and domestic software development

*The financial year-end for this company is 30 June.

15. Stocks

	2025	2024
	£'m	£'m
Raw materials and consumables	**88.4**	52.4
	88.4	52.4

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

16. Net Contract Assets

	2025 £'m	2024 £'m
Contract assets	**559.6**	776.3
Contract liabilities	**(251.0)**	(317.8)
Net contract assets	**308.6**	458.5

The reduction in contract assets since the prior year is made up of movements on multiple contracts within the business, but is principally a consequence of the Aventra new-build programme reaching an advanced stage of completion.

Contract liabilities include down-payments for £43.3m at 31 March 2025 and £36.3m at 31 March 2024.

17. Trade and other receivables

	2025 £'m	As restated (note 31) 2024 £'m
Trade debtors	**34.0**	99.2
Prepayments in respect of long-term contract purchases	**3.7**	48.7
Amounts owed by other Group undertakings	**114.6**	70.7
Prepayments and other debtors	**0.6**	8.1
Group relief receivable	**31.1**	40.6
Derivatives relating to operating activities	**2.5**	-
Remeasurement of hedged firm commitments in foreign currency	**49.4**	65.0
Fair value of derivatives – interest	**6.4**	11.0
	242.3	343.3

18. Creditors: amounts falling due within one year

	2025 £'m	As restated (note 31) 2024 £'m
Lease Liabilities (note 20)	**2.2**	4.2
Contract liabilities (note 16)	**251.0**	317.8
Borrowings – group cash-pooling	**86.4**	387.1
Trade creditors	**152.6**	358.5
Amounts owed to Group undertakings	**94.2**	82.3
Corporation tax payable	**8.7**	-
Derivatives relating to operating activities	**11.2**	20.5
Remeasurement of hedged firm commitments in foreign currency	**21.6**	38.5
Fair value of derivatives – interest	**8.6**	14.0
Other taxes and social security costs	**25.9**	37.7
Accruals and deferred income	**58.7**	6.6
	721.1	1,267.2

Notes to the Financial Statements (continued)

19. Creditors: amounts falling due after more than one year

	2025	2024 (as restated)
	£'m	£'m
Corporation tax – uncertain tax positions	**11.9**	11.9
Lease Liabilities (note 20)	**5.9**	6.5
	17.8	18.4

The finance lease liabilities are secured over the assets to which they relate. The carrying amount of creditors is a reasonable approximation of their fair value.

Corporation tax- uncertain tax positions was previously included in Creditors: amounts falling due within one year. Management have re-assessed the likely timing of settlement and consequently this amount is now determined to fall due outside of one year. Comparative amounts have been re-stated.

20. Lease Liabilities

	2025	2024
	£'m	£'m
Contractual undiscounted cashflows		
Within one year	**4.1**	4.7
Within 2 to five years	**2.4**	5.3
After 5 years	**7.2**	7.0
	13.7	17.0
Lease Liabilities included in the financial statements		
Current	**2.2**	4.2
Non current	**5.9**	6.5
	8.1	10.7

Lease liabilities are in respect of leased buildings used in the Company's day-to-day activities, as well as vehicle leases for cars and vans used by the Company's employees. There are no lease arrangements in place which have complex or unusual characteristics.

Notes to the Financial Statements (continued)

21. Provisions

a) Provisions for liabilities

Provisions are recognised when an obligation is recognised due to a past event and are expected to be incurred within the normal operating cycle if contract related or within 12 months of the balance sheet date. The carrying amount is therefore a reasonable approximation of the fair value.

	Warranty £'m	Onerous Contract Provisions £'m	Redundancy £'m	Other £'m	Total £'m
At 1 April 2024	0.7	193.1	10.2	8.7	212.7
Arising during the year	1.3	26.8	4.1	-	32.2
Released during the year	-	-	-	(8.6)	(8.6)
Utilised during the year	-	(105.9)	(14.3)	-	(120.2)
At 31 March 2025	**2.0**	**114.0**	**-**	**0.1**	**116.1**
Of which					
Current portion	2.0	114.0	-	0.1	116.1
Non-current portion	-	-	-	-	-
Total Provisions	**2.0**	**114.0**	**-**	**0.1**	**116.1**

Warranty and onerous contract provisions are described in the accounting policies (note 2)
Other provisions comprise predominantly amounts in respect of environmental matters and dilapidations.

22. Share capital

	2025 No.	2024 No.	2025 £m	2024 £m
Authorised Share Capital				
Ordinary shares of £1 each	**622,000,000**	322,000,000	**622.0**	322.0
Redeemable ordinary shares of £1 each	**80,000,000**	80,000,000	**80.0**	80.0
	702,000,000	402,000,000	**702.0**	402.0
Allotted, called up and fully paid:				
Ordinary shares of £1 each	**604,758,763**	304,758,763	**604.8**	304.8
Redeemable ordinary shares of £1 each	**42,051,944**	42,051,944	**42.0**	42.0
	646,810,707	346,810,707	**646.8**	346.8

During the year, the Company issued 300,000,000 new Ordinary shares of £1 each, which were subscribed for by ALSTOM Transportation (Global Holding) UK Limited, and settled in cash.

The ordinary shares and remaining redeemable ordinary shares rank *pari passu* in all respects.

The redeemable shares shall be redeemed on the following terms:

- i the Company may redeem the redeemable ordinary shares at any time following a minimum of three months' notice period to the holders of the redeemable ordinary shares;
- ii upon the redemption date, the holders of the redeemable ordinary shares shall deliver the certificates for the shares to the Company's registered office, in exchange for the amount due to said holders;
- iii the amount redeemable on each share shall be the amount paid; and
- iv the receipt, by the holders of the redeemable ordinary shares, of the amount payable on redemption shall constitute an absolute discharge to the Company in respect of such redemption.

23. Reserves

	Retained losses £m	Other Reserves £m
At 1 April 2023 (as previously stated)	(266.1)	(19.3)
Re-statement of opening balance sheet (note 31)	-	19.3
At 1 April 2023 as restated	**(266.1)**	**-**
Actuarial loss on pensions	(95.3)	-
Deferred tax on actuarial losses	23.8	-
Loss for the year	(78.4)	-
At 31 March 2024	**(416.0)**	**-**
Profit for the year	63.2	
Actuarial loss on pensions	(13.4)	-
Deferred tax on actuarial losses	3.3	-
Currency translation adjustment- forward exchange contracts	4.8	-
Arising on acquisition of trade and assets of subsidiary in the year	-	3.2
At 31 March 2025	**(358.1)**	**3.2**

As at 31 March 2024, the Company had a cash flow hedge reserve of £(27.1)m, comprising an amount brought forward at 1 April 2023 of £(19.3)m and a loss of £7.8m charged to other comprehensive income during the financial year ended 31 March 2024. Following the correction of an error during the year (note 31) these amounts were eliminated. Net assets as at 31 March 2024 were therefore increased by £27.1m accordingly. The 1 April 2023 position shown above has also been appropriately restated.

Other reserves at the year end consist of a capital contribution reserve of £3.2m (2024: £nil).

24. Capital commitments

	2025 £'m	2024 £'m
Amounts contracted but not provided	**10.5**	-

The amount disclosed above represents the amounts which the Company is contractually obligated to pay, on the whole within 12 months of the balance sheet date, in order to complete capital projects which have commenced but not yet completed. The expenditure will be funded through the cash-pooling facility available to the Company as described in the Directors' report.

25. Retirement benefit schemes

The Company sponsors a number of pension schemes including defined benefit schemes and a defined contribution scheme, details of which are disclosed in the notes below.

a) Defined benefit pension schemes

The Group has a number of defined benefit pension schemes for the benefit of certain directors and employees. The schemes are funded by the payment of contributions to separately administered trust funds, except for UK Rail-Pass, which is unfunded post-employment obligation (not a pension scheme). The scheme names are as follows:

- Alstom UK Vice Presidents Pension Scheme;
- Alstom UK Pension Plan;
- Alstom UK 2003 Pension Scheme;
- Railway Pensions Schemes - Omnibus Shared Cost Section;
- Railway Pensions Schemes – Alstom UK C2C Shared Cost Section;
- Railway Pensions Schemes – Alstom UK Shared Cost Section;
- Railway Pensions Schemes – Alstom UK Signal Shared Cost Section; and
- Uk Rail-Pass

All of these Schemes are closed to new entrants.

The benefit for members of the schemes is defined in the rules for each scheme and for the funded schemes is based on the number of years' service and pensionable salary.

The objectives of the defined benefit pension schemes are to ensure that sufficient assets and liquidity is available to meet the obligations to its members.

The pension scheme assets are held in a separate Trustee Director administered fund to meet long-term pension liabilities to past and present employees. The boards of Trustee Directors for the pension schemes are made up of representatives from the Company and members. The Trustee Directors of the fund are required to act in the best interest of the fund's beneficiaries.
All retirement benefit schemes are administered in accordance with UK legal requirements, the main regulations being Pension Schemes Act 1993, Pensions Act 1995, Occupational Pension Schemes (contracting-out) Regulations 1996 and the Finance Act 2004.

The Company employs professional actuaries to value the defined benefit pension schemes, and this evaluation is performed annually at the Company's financial year end.

The Directors are aware of the Virgin Media v NTL Pension Trustees II Limited ("the Case") and has held discussions with the Trustees of the Schemes affected. The Directors are satisfied that the Trustees have undertaken appropriate investigations with their lawyers and actuaries into the implications of the Case and, further, as they are aware that the Case is under appeal, the Directors are satisfied that no adjustments to liabilities should be made as at 31 March 2025.

Notes to the Financial Statements (continued)

25. Retirement benefit schemes (continued)

Employees' and employer's contributions to funded schemes are based upon a percentage of salary in accordance with the rules of the schemes. The Trustee Actuaries calculate the funding level of each Scheme periodically, and if this funding level is considered insufficient, or the Company has agreed to make contributions towards the administrative costs of the Schemes, additional contributions are payable. Additional payments amounting to £2.3m (2024: £4.7m) were made in the year.

Change in projected benefit obligation (PBO)

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	2025	2024
	£'m	£'m
Benefit obligation as at the start of the year	**(1,127.3)**	(1,089.3)
Current service cost	**(3.4)**	(4.8)
Past service cost – curtailments	**-**	(0.7)
Interest cost	**(53.8)**	(53.0)
Administration costs	**(3.2)**	(2.3)
Plan participants' contributions	**(2.9)**	(3.4)
Actuarial gain/(loss)	**120.3**	(26.1)
Benefits paid	**60.5**	52.3
Benefit obligation as at the end of the year	**(1,009.8)**	(1,127.3)
Benefit obligation – funded plans	**(1,005.1)**	(1,122.0)
Benefit obligation – unfunded plans	**(4.7)**	(5.3)
	(1,009.8)	(1,127.3)

The total actuarial gain/(loss) is made up of changes in financial assumptions with a gain of £115.0m (2024: gain of £4.2m), changes in demographic assumptions with a gain of £10.2m (2024: gain of £17.5m) and changes in other experience adjustments with a loss of £4.9m (2024: loss of £47.8m).

25. Retirement benefit schemes (continued)

Change in plan assets

Changes in the fair value of plan assets are analysed as follows:

	2025	2024
	£'m	£'m
Fair value as at the start of the period	**1,281.3**	1,324.8
Interest Income on plan assets	**62.5**	64.7
Actuarial loss	**(138.4)**	(75.5)
Employer contributions	**7.8**	16.0
Plan participants' contributions	**2.9**	3.4
Benefits paid	**(60.3)**	(52.1)
Fair value as at the end of the period	**1,155.8**	1,281.3

Plan asset allocation

As at 31 March 2025, the scheme assets were invested in a diversified portfolio that consisted primarily of equity and debt securities. Plan assets did not include any shares of the Company's parent or of any related parties, nor any property occupied by the company, its parent company or any related parties.

The fair value and percentage of scheme assets are set out below:

	2025	**% of total**	2024	% of total
	£'m		£'m	
Equities	**157.6**	**13.6%**	302.5	23.6%
Debt securities	**971.9**	**84.1%**	904.7	70.6%
Cash and other assets	**26.3**	**2.3%**	74.1	5.8%
Total	**1,155.8**	**100.0%**	1,281.3	100.0%

Of the above assets, all equities and debt securities are quoted in active markets.

Notes to the Financial Statements (continued)

25. Retirement benefit schemes (continued)

Principal assumptions and risks

Pension costs are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The projected unit method is an accrued benefits valuations method in which the scheme liabilities make allowance for future earnings. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

The principal actuarial assumptions used as at the balance sheet date are as follows:

	2025	2024
Discount rate	**5.90%**	5.00%
CPI inflation assumption	**2.60%**	2.55%
Rate of compensation increase	**3.10%**	3.06%
Pension increase assumption	**2.27%**	2.27%

The UK discount rate is based on published indices for 15-year AA bonds with a duration appropriate for each of the pension plans. Outlying items in the market population are ignored. The expected rate of returns on bonds is a weighted average reflecting the mix of government, index-linked and corporate bonds held by the pension funds. Property returns are based on published indices and reflect longer-term performance. The assumptions for inflation and for increases in pensions are based on the yield gap between long-term index-linked and long-term fixed interest gilt securities.

The future obligations are based upon assumptions, the principal assumptions are listed above, and as such there are risks associated with changes in the values associated with these assumptions. The table below indicates the effects from a change in the assumptions, all other actuarial assumptions remaining unchanged:

Sensitivity Analysis	**Change in assumption**	**Impact on net pension liability £'m**
Discount rate	+0.25%	(29.5)
Compensation increase	+0.25%	2.4
Pension increase	+0.25%	23.6
Other Inflation linked benefits	+0.25%	0.2

Reconciliation of schemes in net surplus

	2025	2024
	£'m	£'m
Fair value of plan assets	**1,155.8**	1,281.3
Benefit obligations	**(1,005.1)**	(1,122.0)
Irrecoverable surplus	**(3.1)**	(7.4)
Pension surplus	**147.6**	151.9

25. Retirement benefit schemes (continued)

At 31 March 2025, all of the schemes were in surplus with the exception of UK Rail-Pass, an unfunded post-retirement obligation.

Reconciliation of schemes in net deficit

	2025	2024
	£'m	£'m
Fair value of plan assets	-	-
Benefit obligations	(4.7)	(5.3)
Pension deficit	(4.7)	(5.3)
Benefit obligation – funded schemes	-	-
Benefit obligation – unfunded schemes	(4.7)	(5.3)
	(4.7)	(5.3)

Amounts recognised in primary statements

The pension schemes have not invested in any of the Group's own financial instruments nor in properties or other assets used by the Group.

The amounts recognised in the Statement of profit or loss and in the Statement of comprehensive income for the year are analysed as follows:

Analysis of amount charged to operating loss

	2025	2024
	£'m	£'m
Employer's current service cost	3.4	4.8
Past service cost – curtailments	-	0.7
Administration costs	3.2	2.3
Total operating charge	6.6	7.8

Service costs have been included within cost of sales.

Notes to the Financial Statements (continued)

25. Retirement benefit schemes (continued)

Analysis of the amount credited to other finance income

	2025	2024
	£'m	£'m
Interest income on pension plan assets	**62.5**	64.7
Interest on pension liabilities	**(54.1)**	(53.7)
Net return	**8.4**	11.0

	2025	2024
	£'m	£'m
Net return for schemes in surplus	**8.6**	11.2
Net return for schemes in deficit	**(0.2)**	(0.2)
Net return on schemes assets /(liabilities)	**8.4**	11.0

Actuarial losses recognised in Statement of comprehensive income

	2025	2024
	£'m	£'m
Actuarial gain/(loss) on scheme liabilities	**120.3**	(26.1)
Actuarial loss on scheme assets	**(138.4)**	(75.5)
Irrecoverable surplus impact	**4.7**	6.3
Actuarial loss recognised in the Statement of comprehensive income	**(13.4)**	(95.3)

Cumulative amount of actuarial losses recognised in Statement of comprehensive income

	2025	2024
	£'m	£'m
Cumulative amount recognised at the start of the year	**(110.1)**	(14.8)
Actuarial losses	**(13.4)**	(95.3)
Cumulative amount recognised at the end of the year	**(123.5)**	(110.1)

Analysis of amount recognised in the Balance sheet

	2025	2024
	£'m	£'m
Present value of defined benefit obligations		
Funded schemes	**(1,005.1)**	(1,122.0)
Unfunded plans schemes	**(4.7)**	(5.3)
	(1,009.8)	(1,127.3)
Fair value of plan assets	**1,155.8**	1,281.3
Irrecoverable surplus	**(3.1)**	(7.4)
Net amount recognised	**142.9**	146.6

25. Retirement benefit schemes (continued)

As shown in note 12(c), a deferred tax liability of £35.7m (2024: £36.6m) has been accounted for at a rate of 25% on the net pension surplus of £142.9m (2024: £146.6m).

As permitted under IFRS 1, the company has not determined the amount of actuarial gains and losses that would have been recognised in OCI prior to the adoption of FRS 101 on 1 January 2012. The net cumulative actuarial loss before income tax, recognised directly to OCI since 1 January 2012 amounted to a gain of £94.9m (2024: gain of £108.3m).

History of experience gains and losses:

	2025	2024	2023	2021
	£'m	£'m	£'m	£'m
Fair value of scheme assets	**1,155.8**	1,281.3	1,324.8	1,882.9
Projected benefit obligation	**(1,009.8)**	(1,127.3)	(1,089.3)	(1,718.5)
Irrecoverable surplus	**(3.1)**	(7.4)	(13.1)	-
Surplus / (Deficit) in the schemes	**142.9**	146.6	222.4	164.4
Experience adjustments arising on plan liabilities	**(4.9)**	(47.8)	(59.0)	17.9
Experience adjustments arising on plan assets	**(138.4)**	(75.5)	(574.6)	108.1

c) Defined contribution schemes:

The total cost charged to the income statement of £8.1m (2024: £8.0m) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans. As at 31 March 2025 no contributions were outstanding in respect of defined contribution schemes (2024: nil).

26. Related parties

The Company has not disclosed transactions with other wholly owned group companies, as it has taken advantage of the exemption conferred by Paragraph 8(k) of FRS101.

During the year the Company entered into transactions, in the ordinary course of business with the companies listed below, all of which are not wholly-owned by the Company as detailed in note 14. Transactions entered into, and trading balances outstanding at the financial year end are as follows:

Related party	**Year**	**Sales to related party**	**Purchases from related party**	**Dividends received**	**Amounts owed by related party**	**Amounts owed to related party**
		£'m	**£'m**	**£'m**	**£'m**	**£'m**
Bombela Maintenance Ltd	**2025**	**17.2**	**22.8**	**1.3**	**17.4**	**11.5**
	2024	43.7	28.0	-	24.9	17.8
ALSTOM Services Saudi Arabia Ltd	**2025**	**-**	**18.1**	**-**	**-**	**17.1**
	2024	-	8.2	4.3	-	2.5
CRRC Puzhen Alstom Transportation Systems Ltd	**2025**	-	**0.3**	**7.1**	-	-
	2024	-	41.6	6.7	-	-

There is no provision for bad debts against any intercompany debts, and no bad debts have been written off during the year. Sales and purchases between related parties are on an 'arm's length' basis. The Company maintains a branch in South Africa to manage the remaining items relating to the Gautrain contract. The financial results and balances are not deemed material but are included in the Company's financial statements.

Notes to the Financial Statements (continued)

27. Financial instruments

An explanation of the company's financial instrument risk management objectives, policies and strategies are set out in the discussion of principal risks and uncertainties in the Directors' report.

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

The Company takes out derivative positions called "Hedge on Behalf of" (HOBO) for certain other legal entities within the Alstom group. AESL is the legal counterparty to the derivative positions and carries the risk and rewards. AESL takes these positions out on behalf of other group entities to take advantage of trading facilities it has in place with UK counterparties and to keep in line with the ultimate parent company requirement that all its subsidiaries are to use forward currency contracts to eliminate currency exposures on all transactions in excess of €100,000. AESL does not have any 'back to back' relationship with the related group parties and is therefore exposed to the gross derivative risk. The derivatives are recognised and classified as held for trading. Any fair value gains and losses are therefore accounted for directly in the income statement.

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

	2025 Sterling equivalent £m	2024 Sterling equivalent £m
Purchase foreign currencies forward	653.3	407.7
Sell foreign currencies forward	275.9	725.1

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

28. Contingent Liabilities

At 31 March 2025 the Company had no outstanding contingent liabilities (2024: nil), other than the matters detailed below:

Contract related guarantees & securities

In accordance with industry practice, guarantees and securities under contracts with customers and bids are given in respect of the Company. These are generally contract specific and can extend from the tender period until final acceptance by the customer, or the end of the warranty period.

Types of securities provided are Parent Company Guarantees (PCGs), On Demand Guarantees (ODGs) and Surety Bonds (SB). PCGs are provided by parent companies and ODGs/SBs are provided by third party financial institutions such as banks or surety companies. At 31 March 2025, the total value of these securities amounted to £5,180.3m (2024: £5,101.3m). It is important to note that neither the Company nor the Group have any history of a security being called in by a beneficiary and the values under guarantee do not represent a 1:1 impact on the financial statements but will attract fees.

	Bank £'m	Insurance company £'m	Parent company £'m	Total £'m
Purpose				
Advance payment	696.6	400.3	-	1,096.9
Contract performance	174.0	-	1,540.7	1,714.7
Retention	236.8	-	-	236.8
Warranty	-	-	6.6	6.6
Other	3.1	-	2,122.2	2,125.3
At 31 March 2025	**1,110.5**	**400.3**	**3,669.5**	**5,180.3**

	Bank £'m	Insurance company £'m	Parent company £'m	Total £'m
Purpose				
Advance payment	965.7	403.4	-	1,369.1
Contract performance	190.4	-	1,166.3	1,356.7
Retention	223.0	-	-	223.0
Warranty	-	-	6.6	6.6
Other	0.2	-	2,145.7	2,145.9
At 31 March 2024	**1,379.3**	**403.4**	**3,318.6**	**5,101.3**

The classification and presentation of the above figures has been changed compared to the prior year, though the total amount of guarantees remains the same. The new presentation is more consistent with the methodology under which the Company manages its portfolio of guarantees.

29. Post Balance Sheet events

There were no events occurring in the post balance sheet period to the date of approval requiring disclosure.

30. Parent Company

At the balance sheet date, the Company's immediate parent company undertaking is Alstom Transportation (Global Holding) UK Ltd, a company registered in England and Wales.

The company's ultimate parent undertaking and ultimate controlling party is ALSTOM SA, a company incorporated in France, which is both the smallest and the largest group of undertakings for which group accounts are drawn up and of which the Group is a member. Group accounts for ALSTOM SA for the year ended 31 March 2024 are available from its address which is 48, rue Albert Dhalenne, 93842 Saint-Ouen, France.

31. Correction of error

The Company has historically applied cash flow hedge accounting in its financial statements, consistent with the risk management objective of the Company when it was a subsidiary of the Bombardier group, up until January 2021, the risk being hedged being the variability in the cash flows attributable to changes in foreign exchange rates. The Company continued to apply cash flow hedge accounting up to and including the current year.

The Directors have carefully considered the application of this policy and determined that in hindsight, the risk management objectives of the Company changed immediately when the Company was acquired in 2021 to managing exposure to changes in fair value, consistent with the ALSTOM SA group policy of applying fair value hedge accounting in its subsidiaries. No hedge accounting documentation to support cash flow hedge accounting has been maintained by the Company since the acquisition. As such, in accordance with IFRS9 we consider that cash flow hedge accounting should have been discontinued in the year ended 31 December 2021, and fair value hedge accounting should have been applied.

The change was made in the current year when the Company implemented a new ERP system. Adjustments have been made in the current year to calculate and present all foreign exchange assets and liabilities in the balance sheet on fair value hedge principles. The correction of the error necessitated elimination of the cash flow hedge reserve, which at 31 March 2024 amounted to £(27.1)m, and net assets at 31 March 2024 have therefore been restated to be increased by £27.1m, being made up of a £67.1m increase to forward currency contract assets (note 17) and a £40.0m increase to forward currency contract liabilities (note 18).

The elimination of the cash flow hedge reserve previously stated at £(19.3)m at 31 March 2023 has led to net assets at that date being restated from £61.4m to £80.7m, and the amounts recognised in Other Comprehensive Income in 2024 increased by £7.8m.

Reconciliation of the principal balance sheet amounts impacted as at 31 March 2024 are set out below:

31. Correction of error (continued)

	FY24 (as disclosed in the financial year)	Restatement 1	Restatement 2 (note 19)	FY 24 (as restated)
	£m	£m	£m	£m
Trade and other receivable	276.2	67.1	-	343.3
Trade and other payables	(1,239.1)	(40.0)	11.9	(1,267.2)
Net current assets/(liabilities)	**(109.0)**	**27.1**	**11.9**	**(70.0)**
Total assets less current liabilities	**(23.7)**	**27.1**	**11.9**	**15.3**
Creditors falling due after one year	(6.5)	-	(11.9)	(18.4)
Net assets/(liabilities) before net pension surplus	**(242.9)**	**27.1**	**-**	**(215.8)**
Other reserves	(27.1)	27.1	-	-
Shareholders' funds/(deficit)	**(96.3)**	**27.1**	**-**	**(69.2)**