Full of energy

Annual Report 2018/19
Axpo Solutions AG

Key figures

		2018/19	2017/18	2016/17	2015/16	2014/15
Axpo Solutions Group						
Total income	CHF million	3 599.0	3 423.8	3 949.5	3 989.8	4 621.5
Gross margin	CHF million	975.8	746.9	217.5	117.8	437.9
Earnings before interest and tax (EBIT)[1]	CHF million	527.3	271.2	–130.4	61.1	–417.5
Net profit incl. non-controlling interests	CHF million	473.7	149.8	–244.4	–87.2	–580.0
in % of total income	%	13.2	4.4	–6.2	–2.2	–12.6
Cash flow from operating activities	CHF million	109.4	225.5	34.1	90.8	–194.5
Total capital as at 30 September	CHF million	9 779.8	10 970.5	8 125.1	6 867.9	6 616.5
Total equity as at 30 September	CHF million	2 390.7	1 682.2	1 786.8	1 779.9	1 686.5
Gearing	%	–8.8	–49.6	–42.2	–12.9	3.4
Net debt (asset)	CHF million	–211.3	–834.5	–754.9	–229.9	56.9
Cash and cash equivalents	CHF million	525.2	411.1	238.8	425.4	438.8
Average number of employees	FTE	1 084	912	876	836	745

1 In the financial year 2015/16 the share of profit from partner plants and other associates was reclassified from below EBIT to the operating result.

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Axpo Solutions delivers a very strong result in 2018/19

Axpo Solutions Group achieved a very strong result in 2018/19, highlighting the successful execution of its strategy. Axpo Solutions strengthened its position in the renewable energy markets by acquiring the French photovoltaic company Urbasolar.

Axpo Solutions' operational result of CHF 527.3 million in 2018/19 is positive in all respects compared to last year's result of CHF 271.2 million. Operational performance in the Trading & Sales business has been outstanding. In the wake of recovered electricity prices in central Europe, previous years' impairments have been partially reversed, thereby reflecting the increased value in use of the power plant participations and energy procurement rights.

Axpo Solutions' customer business continues to grow, contributing close to 50% to the performance gross margin of the Trading & Sales business. Asset-backed trading and proprietary trading once again produced solid results.

The Assets business contributed both through the reversal of previous years' impairments, and with improved operative results. The Italian gas-fired combined-cycle power plants have benefited from

CHF million	**Audited figures**	Impairments and provisions	Hedge book effect	Foreign exchange effects	**Pro forma figures**
Gross margin	**975.8**	−123.5	29.4	−163.6	**718.1**
Share of profit from partner plants and other associates	**−10.7**	−1.3			**−12.0**
Depreciation, amortisation and impairments	**−35.6**	−80.5			**−116.1**
EBIT	**527.3**	−205.2	29.4	−163.6	**187.9**

Table: Audited figures 2018/19 including bridging to pro forma statement

CHF million	**Audited figures**	Impairments and provisions	Hedge book effect	Foreign exchange effects	**Pro forma figures**
Gross margin	**746.9**	−45.2	−91.6	−71.5	**538.6**
Share of profit from partner plants and other associates	**−20.1**	18.9			**−1.2**
Depreciation, amortisation and impairments	**−89.9**	−26.1			**−116.0**
EBIT	**271.2**	−52.4	−91.6	−71.5	**55.7**

Table: Audited figures 2017/18 including bridging to pro forma statement opportunities in the ancillary services market. In the Renewables area, four newly developed wind farms from the Volkswind portfolio were sold at a profit during the financial year. These positive effects counteract the low revenues resulting from the hedging of power generation and long-term contracts in Switzerland during the period of depressed power prices in 2016.

IFRS figures have benefited from accounting mismatches with respect to foreign exchange effects, offset in part by a negative hedge book effect. These effects are disclosed in the pro forma figures in the table above. Part of the hedging transactions are reported on the balance sheet at fair value, whereas the underlying energy revenue is accounted for on an accrual basis, resulting in a hedge book effect of CHF –29.4 million for the period. The weakening of the euro against the Swiss franc since the end of the previous financial year resulted in a positive foreign exchange effect in the gross margin. The positive impact arising from foreign exchange hedges on the sale of underlying energy was recognised this year, while the negative impact on the underlying energy revenue will be recognised over the next few years.

Cash flow from operating activities normalised to CHF 109.4 million from an extraordinary CHF 225.5 million in the previous year. A substantial driver of the backswing was due to a one-time effect in the previous year, when asymmetric margin calls exaggerated the cash flow by CHF 75 million at the expense of the reported year.

Axpo Solutions holds a net financial asset position of CHF 211.3 million, i.e. cash and financial receivables outweigh financial liabilities. The cash pool receivable from Axpo Holding in the amount of CHF 1,136.5 million, which is part of the financial receivables, is of particular importance. On top of that, Axpo Solutions holds CHF 329.6 million of readily sellable inventories of gas and certificates.

The equity position of Axpo Solutions increased from CHF 1,682.2 million at the end of the previous financial year to CHF 2,390.7 million. The increase reflects the operational performance in the 2018/19 financial year and the reduction in the negative hedge reserve by CHF 311.7 million to CHF –142.9 million, due to the realisation of the hedging transactions over the course of the year.

"Operational performance in the Trading & Sales business has been outstanding."

The tangible net worth of Axpo Solutions, defined as equity less intangible assets, increased from CHF 1,338.6 million at the end of the last financial year to CHF 1,831.0 million. The rise in intangible assets is mainly attributable to the acquisition of Urbasolar, which outweighs the realisation of intangible assets in the sale of renewable parks.

The Trading & Sales business delivered a very good result in volatile market conditions characterised by fluctuating commodity prices and substantial increases in CO_2 certificate prices. This result highlights our diversified approach, which encompasses origination, asset-backed trading and proprietary trading across 28 countries and in 39 markets.

Importance of natural gas

Axpo Solutions has operated its natural gas business for many years – both as a natural gas trader and as a supplier of physical gas. Axpo Solutions has become a European mid-sized player on the global gas markets with a volume of physical deliveries of more than 100 TWh. Depending on the country, Axpo delivers gas to retail, small, medium

"Axpo Solutions further expanded its retail activities."

and industrial customers and major whole-sale players and trading counterparties. Furthermore, Axpo supplies and operates two gas-fired power plants in Italy. Axpo has further strengthened its liquefied natural gas (LNG) franchise by delivering around 32 TWh in 2018/19 (around 85 TWh in the last four years).

Given the superior CO_2 efficiency of natural gas as compared to other fossil fuels, global demand for natural gas is expected to rise steadily in the coming years. In line with this forecast, we have taken steps to profit from the growth potential of this market. Axpo Solutions also controls a 5% stake in the Trans Adriatic Pipeline (TAP) that is expected to become operational in the course of 2020. Once the pipeline is in operation, we expect to market a major amount of natural gas sourced from the Caspian Sea region.

More PPAs in Nordics

Axpo Solutions expanded its business for long-term power purchase agreements (PPAs), particularly in the Nordics. It has concluded several PPAs with wind parks in Sweden and Norway to market their electricity. PPAs are increasingly being used in more markets to enable the expansion of renewable energies – even without subsidy regimes. In Germany, for example, Axpo Solutions has, for the first time ever, concluded a long-term purchase agreement for solar power not subject to state subsidies, one of the very first PPAs on the German market.

Growing retail business in Italy

Axpo Solutions further expanded its retail activities. In Italy, Axpo Solutions has almost 400,000 delivery points for electricity and gas sales to retail customers. Additionally, the gas-fired combined-cycle power plants in Italy again generated substantial contributions to earnings from ancillary services in line with the excellent performance in the previous year. In 2018, Axpo Italia had a 4.6% share in the free Italian power market, delivering 9,437 GWh to customers

Progress in Iberia

We also saw progress in Iberia as we fully integrated the Portuguese utility Gold Energy into Axpo Solutions during 2018/19. Gold Energy delivers gas and 100% green power to more than 230,000 businesses and residential points of supply in Portugal. Gold Energy is the number three gas retailer on the Portuguese market.

Expanding business in the USA

Axpo Solutions has an increasingly global footprint. Axpo US, for example, founded in 2016, also made positive contributions to earnings. In the US, we are active in the power and natural gas markets, serving over 40 clients across 20 states.

Continued growth with renewable energies

Axpo Solutions has unique expertise as a leading marketer of renewable energies with a customer portfolio representing an installed capacity of around 15,500 MW. With the takeover of the French photovoltaic company Urbasolar, completed in July 2019, Axpo was able to significantly strengthen its position in the solar energy sector. The portfolio currently comprises photovoltaic systems in operation with a total output of 249 MW. In addition, the company has a development pipeline of more than 1,000 MW and offers maintenance, repair and asset management services. Urbasolar's specific know-how will be leveraged across the whole firm to foster synergies and to speed up common projects.

The Axpo subsidiary Volkswind sold four wind farms in France during the reporting year. This is part of the strategy for profitable growth in renewable energies, which includes sales as well as the construction and operation of wind farms. In the past financial year, the company built and commissioned four wind farms in France, with a total output of 88 MW. In total, Volkswind built more than 70 wind farms with an output of over 1,000 MW. The development pipeline amounts to around 3,000 MW at various stages of development.

Axpo Solutions again named world's best electricity trading company

The evaluation carried out by the specialist magazines 'Risk' and 'Energy Risk' among customers and counterparties has for years been the most important benchmark in the industry for the evaluation of energy trading companies. Around 1,500 participants evaluate the products and services of companies according to criteria such as price, innovation, flexibility, market-making, reliability and integrity. This year, Axpo was once again named the world's best electricity trading company.

Digital transformation

In the past financial year, Axpo made additional investments in the digital transformation of the Group in all business areas. The focus was on increasing benefits, greater efficiency and cost savings through the use of state-of-the-art technologies. As part of a big data project, Axpo has launched an innovative application to optimise the sale of wind power on the Spanish market. This application, which provides continuously updated wind forecasts and trading recommendations, has already achieved initial success shortly after its introduction. Thus, it has been adapted to the requirements of the markets in Italy and the Nordics and rolled out in a test operation. For this purpose, a cloud-based system is used, which efficiently supports cooperation across Axpo locations. Processing and analysis of information has always been a central aspect in trading. The developments in the area of advanced analytics open up new possibilities, the significance of which was evaluated through a big data project. Given that the advantages and initial results are convincing, an analytics strategy has been adopted which targets the coordinated integration of advanced analytics in trading. The implementation of this strategy is already underway.

Developing skills

Our people are our main asset. Axpo Solutions is therefore developing the skills that are crucial for our organisation. One example is a specific programme to build up data analytics skills. Forty employees from different locations have taken part in a variety of online training sessions. We expect to roll out this programme globally by the beginning of 2020. In addition, we are running comprehensive data science training sessions for the wider Axpo management team. Around 80 managers have participated so far and enhanced their understanding of data science to learn how to identify use cases that will accelerate growth and lead to new business initiatives.

We are proud that Axpo Solutions is growing in line with our strategy. In light of the very successful business year, we would like to thank our customers and business partners for the excellent collaboration and the trust they put in us. We also want to thank our employees. Without their commitment and dedicated work, our strategy would not succeed. Changing regulatory and economic environments will certainly continue to challenge us going forward. However, we feel confident that we will be able to capitalise on new opportunities as they materialise.

Joris Gröflin
Chairman of the Board
of Directors

Domenico De Luca
CEO

Contents Financial Report

Consolidated income statement

CHF million	Notes	2018/19	2017/18
Revenues from sales of energy	8	3 412.3	3 345.6
Result from currency forward contracts		153.0	29.4
Other operating income		33.7	48.8
Total income		**3 599.0**	**3 423.8**
Expenses for energy procurement and cost of goods purchased	9	–2 589.5	–2 628.1
Expenses for materials and third-party supplies		–29.1	–47.7
Personnel expenses	10	–193.4	–164.8
Other operating expenses	11	–213.4	–202.0
Share of profit from partner plants and other associates	17	–10.7	–20.1
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**562.9**	**361.1**
Depreciation, amortisation and impairments	12	–35.6	–89.9
Earnings before interest and tax (EBIT)		**527.3**	**271.2**
Financial income	13	23.8	30.0
Financial expense	13	–112.1	–80.4
Earnings before tax (EBT)		**439.0**	**220.8**
Income tax expense	14	34.7	–71.0
Result for the period		**473.7**	**149.8**
Attributable to:			
Axpo Solutions shareholders		**469.6**	**150.5**
Non-controlling interests		**4.1**	**–0.7**

	2018/19	2017/18
Earnings per share		
Total average number of registered shares issued with a par value of CHF 50.00	31 340 000	31 340 000
Result for the period in CHF million	469.6	150.5
Earnings per share in CHF	**15.0**	**4.8**

There are no circumstances that would lead to a dilution in earnings per share.

Consolidated statement of comprehensive income

CHF million	Notes	2018/19	2017/18
Result for the period		**473.7**	**149.8**
Cash flow hedges – group companies		**323.6**	**–260.6**
Fair value adjustments		118.5	–444.3
Result transferred to the income statement		279.2	124.1
Deferred taxes	14	–74.1	59.6
Share of cash flow hedges – other associates		**–8.9**	**3.3**
Fair value adjustments	17	–10.3	3.6
Deferred taxes	14	1.4	–0.2
Current income taxes	14	0.0	–0.1
Currency translation differences		**–47.7**	**–10.6**
Currency translation differences for the year		–47.7	–10.6
Share of currency translation differences – other associates		**–1.3**	**1.1**
Currency translation differences for the year	17	–1.3	1.1
Income and expenses to be reclassified subsequently to profit or loss, net after income tax		**265.7**	**–266.8**
Remeasurement defined benefit plans – group companies		**–21.7**	**14.0**
Remeasurement defined benefit plans		–26.7	17.2
Deferred taxes	14	5.0	–3.2
Remeasurement defined benefit plans – partner plants and other associates		**–5.4**	**3.5**
Remeasurement defined benefit plans	17	–6.6	4.4
Deferred taxes	14	1.2	–0.9
Income and expenses not to be reclassified subsequently to profit or loss, net after income tax		**–27.1**	**17.5**
Other comprehensive income after income tax		**238.6**	**–249.3**
Total comprehensive income		**712.3**	**–99.5**
Attributable to:			
Axpo Solutions shareholders		**710.4**	**–99.4**
Non-controlling interests		**1.9**	**–0.1**

Consolidated balance sheet

CHF million	Notes	30.9.2019	30.9.2018
Assets			
Property, plant and equipment	15	982.4	578.2
Intangible assets	16	559.7	343.6
Investments in partner plants and other associates	17	320.4	350.8
Derivative financial instruments	6	1 537.3	1 923.9
Other financial assets	19	299.5	336.2
Other receivables	23	80.6	90.2
Deferred tax assets	14	48.0	46.3
Total non-current assets		**3 827.9**	**3 669.3**
Assets held for sale	20	34.7	1.2
Inventories	21	372.5	681.1
Trade receivables		712.0	610.4
Financial receivables	22	1 211.6	1 405.5
Current tax assets		44.0	20.8
Derivative financial instruments	6	1 380.1	2 341.6
Other receivables	23	1 671.8	1 829.5
Cash and cash equivalents	24	525.2	411.1
Total current assets		**5 951.9**	**7 301.2**
Total assets		**9 779.8**	**10 970.5**
Equity and liabilities			
Share capital	25	1 567.0	1 567.0
Retained earnings		1 314.4	871.2
Other reserves	25	−535.8	−800.7
Total equity excluding non-controlling interests		**2 345.6**	**1 637.5**
Non-controlling interests		45.1	44.7
Total equity including non-controlling interests		**2 390.7**	**1 682.2**
Financial liabilities	26	1 009.5	662.2
Derivative financial instruments	6	1 275.4	1 993.4
Other liabilities	27	143.5	119.7
Deferred tax liabilities	14	182.9	132.0
Provisions	28	295.7	370.8
Total non-current liabilities		**2 907.0**	**3 278.1**
Trade payables		589.1	553.7
Financial liabilities	26	815.5	656.1
Current tax liabilities		23.7	35.5
Derivative financial instruments	6	1 416.7	2 788.3
Other liabilities	29	1 572.6	1 871.5
Provisions	28	64.5	105.1
Total current liabilities		**4 482.1**	**6 010.2**
Total liabilities		**7 389.1**	**9 288.3**
Total equity and liabilities		**9 779.8**	**10 970.5**

Consolidated statement of changes in equity

	Share capital	Retained earnings	Other reserves	**Total equity excluding non-controlling interests**	Non-controlling interests	**Total equity including non-controlling interests**
Equity as at 30.9.2017	**1 567.0**	**708.3**	**–533.6**	**1 741.7**	**45.1**	**1 786.8**
Total other comprehensive income after income tax		17.2	–267.1	**–249.9**	0.6	**–249.3**
Result for the period		150.5		**150.5**	–0.7	**149.8**
Total comprehensive income		**167.7**	**–267.1**	**–99.4**	**–0.1**	**–99.5**
Dividend		0.0		**0.0**	–0.1	**–0.1**
Change in consolidation scope		–4.8	0.0	**–4.8**	0.0	**–4.8**
Increase and decrease in capital	0.0	0.0		**0.0**	–0.2	**–0.2**
Equity as at 30.9.2018	**1 567.0**	**871.2**	**–800.7**	**1 637.5**	**44.7**	**1 682.2**
Effect of first-time adoption of IFRS 9		–3.8	0.1	**–3.7**	0.0	**–3.7**
Equity as at 1.10.2018 restated	**1 567.0**	**867.4**	**–800.6**	**1 633.8**	**44.7**	**1 678.5**
Total other comprehensive income after income tax		–26.7	267.5	**240.8**	–2.2	**238.6**
Result for the period		469.6		**469.6**	4.1	**473.7**
Total comprehensive income		**442.9**	**267.5**	**710.4**	**1.9**	**712.3**
Dividend		0.0		**0.0**	–0.2	**–0.2**
Change in consolidation scope		3.2	–3.2	**0.0**	0.1	**0.1**
Non-controlling interests acquired		0.9	0.5	**1.4**	–1.4	**0.0**
Equity as at 30.9.2019	**1 567.0**	**1 314.4**	**–535.8**	**2 345.6**	**45.1**	**2 390.7**

Consolidated cash flow statement

CHF million	Notes	2018/19	2017/18
Earnings before tax (EBT)		439.0	220.8
Financial result	13	88.3	50.4
Earnings before interest and tax (EBIT)		**527.3**	**271.2**
(Gains)/losses on disposal of non-current assets		–7.1	1.4
Adjustment of non-cash expenses and income:			
Depreciation, amortisation and impairments	12	35.6	89.9
Unrealised (gain)/loss on derivative financial instruments		–198.0	–151.3
Share of profit of partner plants and associates	17	10.7	20.1
Other non-cash items		4.8	11.1
Change in net working capital:			
Change in inventories		3.9	–15.5
Change in trade receivables		–71.7	63.9
Change in other receivables		175.2	–425.4
Change in trade payables		–9.1	–18.7
Change in other liabilities (current)		–308.1	638.5
Change in derivative financial instruments		173.3	–238.3
Change of provisions (excluding interest, net)	28	–146.2	9.8
Dividends received	17	11.2	17.6
Other financial result		–44.0	–32.5
Income taxes paid		–48.4	–16.3
Cash flow from operating activities		**109.4**	**225.5**
Property, plant and equipment:			
Investments net of capitalised borrowing costs	15	–75.5	–44.2
Disposals and cost contributions		1.5	0.3
Lease investments:			
Investments net of capitalised borrowing costs		–1.4	0.0
Disposals and repayments		0.8	0.0
Intangible assets:			
Investments (excluding goodwill)	16	–14.1	–6.9
Disposals		0.0	0.1
Acquisition of subsidiaries (net of cash acquired)	7	–139.5	–1.8
Cash flow from non-current assets held for sale and disposal of subsidiaries		1.0	0.0
Investments in partner plants and other associates:			
Investments		–10.6	–18.6
Disposals and capital repayments		4.2	17.2
Other financial assets:			
Investments		–97.6	–65.9
Disposals and repayments		1.0	14.3
Financial receivables (current)		271.8	–315.2
Interest received		21.7	28.5
Cash flow used in investing activities		**–36.7**	**–392.2**

CHF million	Notes	2018/19	2017/18
Financial liabilities (current and non-current):			
Proceeds	26	598.7	1 379.6
Repayment	26	–503.0	–1 004.9
Other cash flows from financing activities		0.0	–0.2
Dividend payments to non-controlling interests		–0.2	–0.1
Interest paid		–31.9	–31.0
Cash flow from financing activities		**63.6**	**343.4**
Currency translation effect		–22.2	–4.4
Change in cash and cash equivalents		**114.1**	**172.3**
Cash and cash equivalents at the beginning of the reporting period	24	**411.1**	**238.8**
Cash and cash equivalents at the end of the reporting period	24	**525.2**	**411.1**

Notes to the consolidated financial statements

1 General information

Axpo Solutions AG is a public limited company incorporated under Swiss law with its registered office in Baden. It is a wholly owned subsidiary of Axpo Holding AG, Baden. Axpo Solutions AG and its subsidiaries constitute Axpo Solutions Group.
Axpo Solutions Group provides origination and retail services for its customers and trades in energy. Its activities are targeted primarily at the European corporate customer and producer segment and increasingly also at the small and medium-sized enterprise segment. Axpo Solutions Group operates trading and sales companies in various European countries, in a number of neighbouring countries and in the United States of America (see Note 35 "Investments"). In addition, Axpo Solutions Group has investments in power plants in Switzerland as well as long-term procurement agreements with power plants in France and wind farms in various European countries. It also owns gas-fired combined-cycle power plants in Italy and wind farms in France, Germany, Italy and Spain. With the acquisition of the Volkswind Group in 2016 and the Urbasolar Group in 2019, Axpo Solutions Group moved into the business of building, operating and selling wind farms in Germany and France and solar plants mainly in France.
Axpo Solutions Group acts as the single market access for Axpo Power AG and its power plant participations. The energy produced is transferred to Axpo Solutions Group for the purpose of hedging. Axpo Solutions Group also manages the supply contracts with the Swiss cantonal utilities and large consumers on behalf of Axpo Group. Axpo Power AG renders services to Axpo Solutions Group with respect to the management of its power plants.

2 Basis of accounting

General principles

The consolidated financial statements of Axpo Solutions Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law. The consolidated financial statements were approved for publication by the Board of Directors of Axpo Solutions Group on 10 December 2019 and are subject to the approval of the Annual General Meeting on 10 January 2020.

Measurement bases

The consolidated financial statements are based on the historical cost principle. Exceptions are described in Note 4 "Accounting policies".

Significant changes in accounting policies

All standards and interpretations effective at the end of the reporting period were applied when preparing the consolidated financial statements. For the reporting year 2018/19, the following revised standards and interpretations were applied for the first time:

- IFRS 2 (amended) – Classification and Measurement of Share-based Payment Transactions (1 January 2018)
- IFRS 9 – Financial Instruments (1 January 2018)
- IFRS 15 – Revenue from Contracts with Customers (1 January 2018)
- Clarifications to IFRS 15 – Revenue from Contracts with Customers (1 January 2018)
- IAS 40 (amended) – Transfers of Investment Property (1 January 2018)
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration (1 January 2018)
- IFRSs (2014–2016 cycle) – Annual Improvements (IFRS 1 and IAS 28) (1 January 2018)

With the exception of IFRS 9 and IFRS 15, the new and revised standards and interpretations had no significant effect on the consolidated financial statements and the disclosures of Axpo Solutions Group. IFRS 9 and IFRS 15 had the following effects as at 1 October 2018:

Consolidated balance sheet as at 1 October 2018 (condensed)

CHF million	1.10.2018 published	Restatement IFRS 9	Restatement IFRS 15	1.10.2018 restated
Assets				
Other financial assets	336.2	−3.1	0.0	333.1
Other receivables	90.2	0.0	2.8	93.0
Total non-current assets	**3 669.3**	**−3.1**	**2.8**	**3 669.0**
Trade receivables	610.4	1.0	0.0	611.4
Financial receivables	1 405.5	−0.7	0.0	1 404.8
Other receivables	1 829.5	−0.4	−2.8	1 826.3
Total current assets	**7 301.2**	**−0.1**	**−2.8**	**7 298.3**
Total assets	**10 970.5**	**−3.2**	**0.0**	**10 967.3**
Equity and liabilities				
Retained earnings	871.2	−3.8	0.0	867.4
Other reserves[1]	−800.7	0.1	0.0	−800.6
Total equity excluding non-controlling interests	**1 637.5**	**−3.7**	**0.0**	**1 633.8**
Total equity including non-controlling interests	**1 682.2**	**−3.7**	**0.0**	**1 678.5**
Other liabilities	119.7	0.0	−6.9	112.8
Total non-current liabilities	**3 278.1**	**0.0**	**−6.9**	**3 271.2**
Other liabilities	1 871.5	0.0	6.9	1 878.4
Provisions	105.1	0.5	0.0	105.6
Total current liabilities	**6 010.2**	**0.5**	**6.9**	**6 017.6**
Total liabilities	**9 288.3**	**0.5**	**0.0**	**9 288.8**
Total equity and liabilities	**10 970.5**	**−3.2**	**0.0**	**10 967.3**

1 The reclassification of CHF 0.1 million from "Other reserve" to "Retained earnings" is due to the reclassification of "available for sale financial assets" to financial assets "at fair value through profit or loss". The other effects from the first-time adoption of IFRS 9 relate to the application of the expected loss model.

IFRS 9 – Financial Instruments

IFRS 9 – Financial Instruments replaces the requirements of IAS 39 governing the classification and measurement of financial assets and liabilities, hedge accounting and impairments.

Classification and measurement of financial assets and liabilities

The number of measurement categories for financial assets has been reduced under the new standard. Assets are now classified in the following categories: measured at amortised cost, measured at fair value through other comprehensive income (FVOCI) and measured at fair value through profit or loss (FVTPL). The classification of financial assets in accordance with IFRS 9 is based on the entity's business model for managing financial assets and the characteristics of contractual cash flows. As a result, debt and equity instruments previously classified as available-for-sale at Axpo Solutions Group have been measured at fair value through profit or loss from 1 October 2018. With the exception of the above-mentioned financial assets, the first-time adoption of IFRS 9 had no impact on the measurement of financial receivables, financial liabilities and derivative financial instruments.

The following table shows the new classification and measurement according to IFRS 9:

Classification of financial assets as at 1 October 2018

CHF million	Classification according to IAS 39	Classification according to IFRS 9	Book value IAS 39	Book value IFRS 9
Financial assets				
Financial receivables (current and non-current)	Loans and receivables	At amortised cost	1 740.3	1 736.5
Other receivables (current and non-current)	Loans and receivables	At amortised cost	646.1	646.0
Trade receivables	Loans and receivables	At amortised cost	610.4	611.4
Revenues not yet invoiced	Loans and receivables	At amortised cost	1 070.1	1 069.8
Cash and cash equivalents	Loans and receivables	At amortised cost	411.1	411.1
Other financial assets (current and non-current)	Available-for-sale financial assets	Financial assets at fair value through profit or loss (mandatory)	1.4	1.4
Energy derivatives	Financial assets at fair value through profit or loss (held for trading)	Derivative financial instruments at fair value through profit or loss (held for trading)	4 083.5	4 083.5
Currency forward contracts	Financial assets at fair value through profit or loss (held for trading)	Derivative financial instruments at fair value through profit or loss (held for trading)	135.1	135.1
Energy derivatives	Derivatives designated as hedges	Derivative financial instruments at fair value through other comprehensive income with recycling (hedge accounting)	46.9	46.9

Impairment of financial assets

According to IFRS 9, loss allowances are no longer made on the basis of incurred losses (incurred loss model), but on expected losses (expected loss model). The new impairment model applies to financial assets measured at amortised cost, contract assets and debt instruments measured at FVOCI, but not to equity investments held as financial investments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. In accordance with the transitional provisions of IFRS 9, the prior year figures have not been restated. The changeover effect as at 1 October 2018 amounted to CHF 3.7 million before taxes and was recognised in retained earnings.

Hedge accounting

The aim of the new hedge accounting requirements is to better reflect risk management activities in the consolidated financial statements. For this purpose, IFRS 9 extends, among other things, the qualifying transactions for hedge accounting and simplifies effectiveness testing. Since 1 October 2018, Axpo Solutions Group has applied the hedge accounting requirements of IFRS 9 to existing hedging relationships. No impact resulted from the application of these requirements.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB published the new standard IFRS 15 – Revenue from Contracts with Customers. The new standard replaces IAS 11 – Construction Contracts and IAS 18 – Revenue. The standard defines when and at which amount revenues have to be recognised. According to IFRS 15, revenues will be recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The recognition occurs at a certain point in time (or over time) when control of the underlying goods or services is transferred from the entity to the customer. The framework comprises a five step model. Compared with the previous requirements, the classification and disclosure requirements for the notes in accordance with IFRS 15 are more extensive.

Axpo Solutions Group has chosen the modified, retrospective approach for the first-time application of IFRS 15. Under this transition method, Axpo Solutions must apply IFRS 15 retrospectively only to contracts that had not yet been fulfilled as at 1 October 2018. Any resulting changeover effect will be recognised directly in equity as at 1 October 2018. The previous year's figures for the 2017/18 financial year have not been restated. The new rules of IFRS 15 do not result in any changeover effects recognised in profit or loss for Axpo Solutions Group, which is why there was no change in equity as at 1 October 2018.

The relevant financial statements are presented below in accordance with the previous and new accounting standards:

Consolidated income statement for the financial year 2018/19 (condensed)

CHF million	Comment	2018/19 IAS 18/IAS 11	Restatement IFRS 15	2018/19 IFRS 15
Revenues from sales of energy	a)	4 227.4	–815.1	3 412.3
Total income		**4 414.1**	**–815.1**	**3 599.0**
Expenses for energy procurement and cost of goods purchased	a)	–3 404.6	815.1	–2 589.5
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**562.9**	**0.0**	**562.9**
Earnings before interest and tax (EBIT)		**527.3**	**0.0**	**527.3**

Consolidated balance sheet as at 30 September 2019 (condensed)

CHF million	Comment	30.9.2019 IAS18/IAS11	Restatement IFRS 15	30.9.2019 IFRS15
Assets				
Other receivables	b)	76.6	4.0	80.6
Total non-current assets		**3 823.9**	**4.0**	**3 827.9**
Other receivables	b)	1 675.8	–4.0	1 671.8
Total current assets		**5 955.9**	**-4.0**	**5 951.9**
Total assets		**9 779.8**	**0.0**	**9 779.8**
Equity and liabilities				
Total equity excluding non-controlling interests		**2 345.6**	**0.0**	**2 345.6**
Total equity including non-controlling interests		**2 390.7**	**0.0**	**2 390.7**
Other liabilities		150.4	–6.9	143.5
Total non-current liabilities		**2 913.9**	**–6.9**	**2 907.0**
Other liabilities		1 565.7	6.9	1 572.6
Total current liabilities		**4 475.2**	**6.9**	**4 482.1**
Total liabilities		**7 389.1**	**0.0**	**7 389.1**
Total equity and liabilities		**9 779.8**	**0.0**	**9 779.8**

The nature of the adjustment as at 1 October 2018 and the reasons for the changes in the consolidated balance sheet as at 30 September 2019 and in the consolidated income statement for the financial year from 1 October 2018 to 30 September 2019 are explained below.

a) In certain countries where Axpo Solutions Group operates as an energy supplier, energy is delivered to customers through third-party distribution grids and gas pipelines. Axpo Solutions only qualifies as an agent for the transmission of the energy. This resulted in a reduction of CHF 815.1 million in "Revenues from energy sales" and "Expenses for energy procurement and cost of goods purchased".
b) Axpo Solutions pays commissions to agents to acquire customers in the energy sector. These costs were already capitalised and amortised over the term of the related revenue period in the past. As a result of the first-time adoption of IFRS 15, a separate account was opened for commissions under non-current other receivables and the amount of CHF 2.8 million was reclassified from current other receivables on 1 October 2018. The amount of CHF 4.0 million refers to the capitalised contract costs as at 30 September 2019.

The first-time adoption of IFRS 15 had no impact on the Group's other comprehensive income or cash flows from operating, investing and financing activities.

Voluntary changes in accounting policies

Axpo's production portfolio is managed by means of forward transactions and futures contracts. First sales of the Axpo Group's self-produced energy by means of physically settled forward transactions are classified as own use contracts. Futures contracts that can be physically settled were previously accounted for as hedging instruments in a cash flow hedge relationship. Since 1 October 2018, first sales of self-produced energy by means of such physically settled futures contracts have also been classified as own use contracts. Consequently, these futures are only recognised at realisation. However, if a contract is likely to result in a loss, a provision is recognised in accordance with IAS 37. The margin call is now recorded as other receivables/other liabilities instead of equity, as in a cash flow hedge relationship. As at 30 September 2019, other receivables were CHF 12.9 million higher, while the cash flow hedge reserve presented in equity was lower by the same amount. The change was prospective; the other receivables/liabilities and the cash flow hedge reserve as at 30 September 2018 remained unchanged. This changeover means that the concept of classifying the first sale of Axpo's self-produced energy as an own-use contract will be consistently implemented and the transparency and comprehensibility of financial reporting will be enhanced.

Future application of new standards and interpretations

Axpo Solutions Group is currently analysing the potential impact of the following new and revised standards and interpretations that have already been issued but whose adoption in the consolidated financial statements of Axpo Solutions Group is not yet mandatory. They will be adopted by Axpo Solutions Group no later than the financial year beginning on or after the date specified in brackets.

- Amendments to IAS 1 and IAS 8 – Definition of Materiality (1 January 2020)
- IFRS 3 (amended) – Definition of Business Operations (1 January 2020)
- IFRS 9 (amended) – Prepayment Features with Negative Compensation (1 January 2019)
- IFRS 16 – Leases (1 January 2019)
- IFRS 17 – Insurance Contracts (1 January 2021)
- IAS 19 (amended) – Plan Amendment, Curtailment or Settlement (1 January 2019)
- IAS 28 (amended) – Long-term Interests in Associates and Joint Ventures (1 January 2019)
- IFRIC 23 – Uncertainty over Income Tax Treatments (1 January 2019)
- IFRSs (2015–2017 cycle) – Annual Improvements (1 January 2019)
- Framework for the Preparation and Presentation of Financial Statements (1 January 2020)
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform (1 January 2020)

The impact on the consolidated financial statement of some standards and interpretations has not yet been determined on a sufficiently reliable basis. Based on current analyses and with the exception of the application of IFRS 16, Axpo Solutions Group does not expect any material impact on the Group's financial position and results of operations. The expected impact from the application of IFRS 16 is described below.

IFRS 16 – Leases

IFRS 16 – Leases (2016) will replace the contents of IAS 17 – Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. According to the new leasing standard – with the exception of short-term leases (up to twelve months) and leases for low-value assets – all leases must be recognised in the balance sheet. Therefore, the lessee must capitalise a right-of-use asset for all leased assets and recognise a corresponding liability in the amount of the present value of the fixed lease payments. There have been no material changes for the lessor – neither with regard to the continued need to classify leases as finance or operating leases – compared with current accounting in accordance with IAS 17.

The new standard is effective for annual periods beginning on or after 1 January 2019. For Axpo Solutions Group this means that IFRS 16 has to be applied for the first time for the 2019/20 financial year, beginning on 1 October 2019. Axpo Solutions Group is using the option of modified retrospective application for existing leases and will recognise the cumulative effect of the application of IFRS 16 in retained earnings as at 1 October 2019, without adjusting the comparative information.

At the time of the transition, the following options and exceptions will be exercised:
- Measurement of the right-of-use asset as if IFRS 16 had always been applied (but using the incremental borrowing rate at the date of initial application).
- Adjustment of the right-of-use asset by the amount recognised in the balance sheet as at 30 September 2019 as a provision for onerous leases.
- Measurement of the right-of-use asset at the date of initial application without taking into account initial direct costs.
- Leases that expire within twelve months of the date of initial application are classified as current leases.

Axpo Solutions Group also makes use of the exceptions not to recognise current or low-value leases as right-of-use assets in the balance sheet.

As a result of the implementation of IFRS 16, Axpo Solutions Group expects depreciation and amortisation to increase by around CHF 11.0 million, while the charge on the financial result is expected to be around CHF 1.5 million. However, other operating expenses will be reduced by approximately the same amounts, meaning there will be no material impact on net profit.
In the balance sheet, the first-time adoption of the standard will lead to an increase in both non-current assets (accounting for rights of use) and financial liabilities (classifying corresponding lease liabilities). The financial impact of the changeover at the date of first-time adoption on the lease liabilities and right-of-use assets will probably amount to CHF 115.0 million, taking into account existing accruals.

The changed presentation of lease payments will improve cash flow from operating activities and worsen cash flow from financing activities, as a significant portion of the lease payments will be presented as a repayment of lease liabilities.

3 Consolidation principles

Scope of consolidation

The consolidated financial statements are based on the separate financial statements of the subsidiaries. Subsidiaries are companies controlled by the Group. The Group controls a company if it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ends.

Business combinations

Business combinations are accounted for at the date of acquisition using the acquisition method. Assets and liabilities of subsidiaries acquired are measured at their fair value. Transaction costs incurred in connection with an acquisition are recognised in the income statement.

Any positive amount arising from an acquisition is capitalised as goodwill. Goodwill corresponds to the excess of the sum of the purchase price, the amount of any non-controlling interest and the fair value of the previously held equity share in the acquired subsidiary, less the balance of the acquired assets and liabilities measured at fair value. There is an option for measuring non-controlling interests in each transaction. These can be valued either at fair value or at the corresponding share of the non-controlling interests in the fair value of the net assets acquired.

If the fair value of the net assets acquired is in excess of the aggregated consideration transferred, the fair value of the net assets acquired is reassessed and any remaining excess is immediately recognised in the income statement.

Goodwill is tested for impairment at least annually, or earlier if there is any indication of impairment.

Non-controlling interests are reported separately from the equity of the Group. Changes in the Group's interest in a subsidiary that do not result in a loss of control are treated as equity transactions with owners. Any difference between the purchase price paid or the consideration received and the amount by which the minority interest is changed is recognised directly in equity.

Investments in partner plants and other associates

An associate is a company over which Axpo Solutions Group exercises significant influence without having control over its financial and business policy. As of the date of acquisition, the fair value of the proportional net assets is calculated and, together with any goodwill, recognised in the balance sheet under investments in partner plants and other associates. In subsequent reporting periods, this amount is adjusted for any change in Axpo Solutions Group's share of the capital, income earned and impairment losses/reversals as well as any dividends.

Partner plants are companies that design, construct, maintain or operate power plants, grids or nuclear storage facilities, or companies that administer energy procurement rights. The shareholders commit to purchasing a pro-rata share of the energy and to pay a pro-rata share of the annual costs. Partner plants in which Axpo Solutions Group does not hold a majority interest or over which it does not have control are also classified as associates and accounted for using the equity method.

Due to the legal obligation to pay the annual costs, the acquisition of an investment in a partner plant may result in a provision for an onerous energy procurement contract rather than an asset for an energy procurement right.

Intragroup transactions

Electricity produced by partner plants is invoiced to the shareholders at annual production cost on the basis of existing partnership agreements and irrespective of market prices. Market prices generally apply for the invoicing of other goods and services between group companies and related parties. Intercompany profits and transactions within Axpo Solutions Group are eliminated in the consolidated financial statements.

Presentation currency and foreign currency translation

The presentation currency, which is also Axpo Solutions AG's functional currency, is the Swiss franc. Transactions in foreign currencies are translated at the exchange rate prevailing on the date of the transaction or at an exchange rate which approximately corresponds to the transaction rate. At the end of the reporting period, monetary assets and liabilities in foreign currencies are translated at the exchange rates prevailing at the balance sheet date. Any resulting translation differences which arise are recognised in the income statement.

Assets and liabilities of subsidiaries and of associates accounted for using the equity method whose functional currency is not the Swiss franc are translated on consolidation into Swiss francs at the exchange rate prevailing on the balance sheet date. Goodwill and fair value adjustments arising from the acquisition of a foreign operation are recognised in the balance sheet as assets of the acquired entity. The income statement, cash flow statement and other movement positions are translated at the average exchange rate for the reporting period. Exchange differences arising from the translation of the balance sheet and the income statement of foreign subsidiaries and associates accounted for using the equity method are recognised directly in other comprehensive income and accumulated in consolidated equity and reported separately in the notes as foreign currency translation reserves.

Non-current receivables or loans to group companies for which repayment is neither planned nor likely to occur in the foreseeable future are, in substance, a part of the Group's net investment in that group company. Foreign exchange differences resulting from such non-current receivables or loans are recognised in other comprehensive income and in the income statement on liquidation or disposal of the foreign operation.

Foreign currency exchange rates

The following exchange rates were applied:

		Year-end rates		Average rates	
Currency	**Unit**	**30.9.2019**	**30.9.2018**	**2018/19**	**2017/18**
EUR	1	1.0847	1.1316	1.1227	1.1616
NOK	100	10.9618	11.9537	11.5333	12.1039
PLN	100	24.7750	26.4553	26.1100	27.3800
SEK	100	10.1414	10.9768	10.6940	11.4813
USD	1	0.9961	0.9775	0.9953	0.9763

Axpo Solutions Group enters into forward contracts to hedge its exposure to certain foreign currency risks. The accounting policies applied to these derivative financial instruments are described below.

4 Accounting policies

Revenue recognition

Revenue in Axpo Solutions Group is realised when the service is rendered or when control is transferred to the customer. Accordingly, revenue is recognised when either the products or goods are delivered or the contractually agreed services have been rendered. Performance obligations with regard to returns, refunds, warranties and similar obligations are not material to Axpo Solutions Group.

In general, revenue is reported net after deduction of value added tax and other discounts. The payment to which Axpo Solutions Group is entitled for the rendering of the various performance obligations may consist of fixed and variable consideration. For the measurement of the transaction price, variable components are only included if it is highly probable that there will be no significant reversal of the recognised cumulative revenues as soon as the uncertainty in connection with the variable consideration no longer exists. Penalties, which might be owed by the customers, e.g. for deviations between delivered and contractually agreed energy volumes, represent a variable component. This component is only included in the measurement of the transaction price if its occurrence is highly probable, which can normally only be estimated towards the end of the delivery period.

Commissions paid to agents as a result of concluding a contract are capitalised as additional costs of obtaining the contract. These costs essentially comprise commissions paid to sales agents when customers are successfully referred to Axpo Solutions Group. Amortisation is in line with the transfer of the goods or services to the customer and is based on the average customer retention period.

Axpo Solutions Group does not adjust the amount of the promised consideration to reflect the effects of a significant financing component if, at the inception of the contract, it expects that the time period between the transfer of a good or service to the customer and payment by the customer will not exceed one year.

Result from energy derivatives trading

Revenue and costs related to the customer solution business as well as energy trades, which are measured at fair value, are presented net in the result from energy trading. Such contracts do not fall within the scope of IFRS 15 but are accounted for according to IFRS 9 and IFRS 13.

Distinction between sale of own energy production, retail business and customer solution business

For the first sale of self-produced energy, revenue is recognised upon delivery of goods in net sales from energy business, whereas all following contracts in the management chain are treated as hedge products, measured at fair value and recognised in the result from energy trading.

The retail business mainly consists of physical energy deliveries and other services, such as installation and grid connections. Counterparties are households and small to medium-sized entities. The related revenue is recognised upon delivery of the goods in net sales from energy business or upon rendering of the service in other net sales.

All other business including origination is referred to as customer solution business. The recognition of revenue in the customer solution business is based on a portfolio approach, where all contracts are measured at fair value and booked in the result from energy trading. These contracts, portfolios and inventories are principally acquired with the purpose of selling them in the near future and generating a profit from fluctuations in price or broker-traders' margin. Energy trades, which are a purely financial speculative business, are presented net in the result from energy trading.

Revenues from energy sales and grid usage

The first sale of self-produced energy which is for the management of the Axpo Group's own production portfolio and the physical delivery of energy to retail customers are classified as own use contracts and recognised over the period of the agreed service provision. As the criteria listed in IFRS 15 are met, energy deliveries will be accounted for as a single performance obligation (serie of distinct goods or services). In the case of energy deliveries, Axpo Solutions Group has a right to a consideration that is directly equivalent to the value of the energy already delivered to the customer. Axpo Solutions Group applies the exemption in IFRS 15 in such cases and recognises revenue at the amount that can be invoiced. Income is therefore considered realised and recognised as revenue when delivery has taken place. Deliveries to retail customers are largely based on individual meter readings at the end of the financial year. If the meters cannot be read at this time, revenue is estimated and recognised on the basis of statistical values. Revenue from electricity supplies not yet invoiced at the balance sheet date is shown as "Revenues not yet invoiced (financial instruments)" under other receivables.
In accordance with IFRS 15, transport costs for energy, such as grid usage fees for grids not owned by Axpo Solutions Group, are now reported net in revenue. In such cases, Axpo Solutions acts only as agent of the grid operator since it collects these charges from the customer on the latter's behalf and forwards them to the grid operator.
The payment periods are usually 30 days and in exceptional cases longer.

Other net revenue

Other net revenue includes revenue from rendered services and energy efficiency projects. For customer-specific construction contracts for which Axpo Solutions has an enforceable right to payment for performance completed to date under the terms of the contract, revenue is recognised on a period basis. Revenue is recognised on the basis of the stage of completion of the order, which is determined separately for each customer order using the cost-to-cost method. Under the cost-to-cost method, the costs already incurred for the customer order are compared with the expected costs. The profit of an order, which is accounted for on a period basis, is realised on the basis of the calculated stage of completion. Revenue that cannot yet be offset is recognised in the balance sheet as contract assets (included in line item "other receivables") less advance payments already made. In the event of a surplus of advance payments, revenue that cannot yet be offset is recognised as contract liabilities (included in line item "other liabilities"). The provision of services can take place both over a period of time and at a point in time.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs directly related to the long-term acquisition or construction of a facility are capitalised for the period from the commencement of the acquisition or construction work until the facility is ready for operational use.

Property, plant and equipment

Items of property, plant and equipment are measured at acquisition or manufacturing cost and are subject to regular straight-line depreciation over the estimated useful life of each asset category or over the period to the date of reversion of the power plants. Unscheduled depreciation is only recognised in the case of damage or impairment, as described under "impairment of non-financial assets" below. The acquisition or manufacturing costs of property, plant and equipment comprise the purchase price, including import duties and any non-recoverable purchase taxes, and all directly attributable costs incurred to make the asset ready for operational use. Further components are the estimated costs of dismantling and removing the asset and the restoration of the site. In the case of long-term investment projects, borrowing costs are capitalised during the construction phase.

The estimated useful lives for the individual asset categories are reviewed annually and lie within the following ranges:

Land and assets under construction	only in the case of impairment
Operational and administrative buildings	15–60 years
Power plants	10–80 years depending on the type of installation and the concession period
Distribution systems	10–80 years
Equipment and fixtures	3–15 years
IT hardware and software	3–5 years

If significant components of an item of property, plant and equipment have a different useful life, they are depreciated separately (component approach).
Ordinary repairs and maintenance of buildings and operating facilities are accounted for directly as expenses. Expenditures for extensions and replacements are capitalised if it is probable that the future economic benefits associated with the expenditures will flow to Axpo Solutions Group and the cost of the investments can be measured reliably. Assets under construction are assets which are unfinished or not yet ready for operation. Depreciation of these assets begins upon completion or when they are ready for operational use.

Intangible assets
Intangible assets are recognised in the balance sheet at acquisition cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised using the straight-line method over the estimated useful life of the asset, unless the useful life is indefinite. Goodwill and intangible assets with an indefinite useful life are not amortised, but tested for impairment annually. The accounting of goodwill is explained in detail in Note 3 "Consolidation principles". Energy procurement rights comprise advance payments for the rights to the long-term supply of electricity including capitalised interest. These rights are amortised over the contract term using the straight-line method.
Rights of use for facilities comprise contractually agreed one-time payments to a contracting party as compensation for the use of that party's transmission and distribution systems. These rights are amortised over the contract term using the straight-line method.
All intangible assets apart from goodwill have finite useful lives and are therefore amortised on a systematic basis.

Investments in partner plants and other associates
All significant partner plants and other associates are measured using uniform principles in accordance with IFRS. Where no financial statements prepared in accordance with IFRS were available, a reconciliation to IFRS accounts was prepared.
The reporting date of certain partner plants and other associates deviates from that of Axpo Solutions Group. The most recent financial statements available for these companies were used for the preparation of the consolidated financial statements of Axpo Solutions Group. Adjustments were made in the consolidated financial statements for the effect of significant transactions and events which took place between the balance sheet date of the most recent financial statements and 30 September.

Impairment of non-financial assets
At the balance sheet date, Axpo Solutions Group reviews the carrying amounts of tangible and intangible assets as well as investments in other associates to determine whether there is any indication of impairment. If any such indications exist, the recoverable amount of the asset or, if this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs, is estimated and compared with the carrying amount (impairment test). If the carrying amount exceeds the estimated recoverable amount, an impairment loss is recognised in the amount of the difference. The recoverable amount is equivalent to the higher of the value-in-use and the fair value less costs to sell. When calculating the value-in-use, the estimated future cash flows are discounted using a pre-tax interest rate. This pre-tax interest rate takes into account the current market estimate of the time value of money and the risks inherent in the asset, insofar as these risks have not already been included in the estimate of the cash flows. Once impaired, the carrying amount of assets is adjusted annually to the amount obtained using the discounted cash flow method, but in the case of a reversal the carrying amount is increased, not exceeding the depreciated amount that would have been determined if no impairment loss had been recognised. This excludes reversals of impairment in respect of goodwill. Goodwill arising from business combinations is allocated on the acquisition date to the cash-generating units that are expected to benefit from the synergies of the business combination. Regardless of indicators, goodwill is tested for impairment annually.

Inventories
Wind farms which are built for sale in the ordinary course of business are measured at cost incurred or at their lower net realisable value.
Emission certificates, green certificates, gas inventories and materials that have been acquired and held in relation with own energy production and the retail business are measured at weighted average cost. If the net realisable value is below the purchase or production cost, an impairment loss is recognised in the income statement.
Emission certificates, green certificates and gas inventories, allocated to the customer solution business, have principally been acquired for resale in the near term with a view to generating a profit from price fluctuations or dealer's margin. These inventories are measured at fair value less costs to sell. Changes in value are recognised net in the income statement.

Provisions
Provisions are recognised when Axpo Solutions Group has a present obligation from past business transactions or events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be estimated reliably.
Long-term provisions are recognised at the present value of the expected cash outflow at the balance sheet date where the effect is significant. The provisions are reviewed annually at the balance sheet date and adjusted, taking into account current developments.
With regard to long-term energy procurement and supply contracts, identifiable losses from onerous contracts are provided for, taking into account market price developments, the effective costs of procurement and sales revenue. Additionally, the acquisition of an investment in a partner plant may result in a provision for an onerous energy procurement contract instead of an asset for the energy purchase right due to the legal obligation to assume the annual costs.
A provision is also recognised for the obligation to deliver certificates in relation to energy production or energy sales. If certificates have already been purchased, a provision equivalent to the purchase cost of the certificates is recognised.
Provisions are also recognised for the dismantling and removing of conventional thermal gas-fired combined-cycle power plants and wind farms.

Employee benefits

Axpo Solutions Group operates pension plans in accordance with national legislation in each country. Swiss employees are insured with the PKE-CPE Vorsorgestiftung Energie, a legally independent pension fund which qualifies as a defined benefit plan under IAS 19. There are also defined contribution plans. Employer contributions paid or owed for pension funds with defined contribution plans are recognised in the income statement.
The defined benefit obligation attributable to Axpo Solutions Group is calculated annually by an independent actuary using the projected unit credit method. The discount rate used for the calculation is based on the interest rate for high-quality corporate bonds with virtually the same maturities as the liabilities. The market value of the plan assets is deducted from the liability.

Three components make up the pension costs:
- Service cost, recorded under personnel expenses in the income statement
- Net interest expense, recorded under personnel expenses in the income statement
- Remeasurement components, recorded in other comprehensive income

The service cost encompasses current service cost, past service cost, and gains and losses from plan settlements. Gains or losses from curtailments form part of the past service cost. Net interest expense is calculated by multiplying the net pension liability (or asset) at the beginning of the financial year with the discount rate, taking into account any changes during the year as a result of contributions and pension payments. Remeasurement components comprise actuarial gains and losses from the development in the present value of the defined benefit obligation arising from changes in the assumptions and experience adjustments, as well as the return on plan assets minus amounts included in the net interest expense, and changes in the asset ceiling minus effects included in net interest expense. Remeasurement components are recognised in other comprehensive income and cannot be recycled. The amount recognised in the consolidated financial statements corresponds to the surplus or deficit of the defined benefit plans (net pension liability or asset).

Income taxes

These include current and deferred income taxes and are normally recognised in the income statement unless they are related to transactions that are recognised in other comprehensive income or directly in equity.
Current income taxes are calculated on taxable profits and accrued for the relevant period. The deferred tax assets and liabilities shown in the consolidated financial statements are calculated using the balance sheet liability method, where deferred taxes are recognised for all temporary differences. Temporary differences arise from differences between the carrying amount of an asset or liability and its relevant tax value. These differences will reverse in one or more future periods. Temporary differences resulting from the initial recognition of goodwill, from the initial recognition of assets or liabilities in a transaction which impact neither the taxable results nor profit for the year, and from investments in subsidiaries, if it is likely that the temporary difference will not be reversed in the foreseeable future, are not recognised. Country-specific tax rates are used for calculating deferred taxes. Tax assets and liabilities are offset if they involve the same tax subject and the same tax jurisdiction. Deferred tax assets or liabilities are presented as non-current assets or liabilities. Deferred tax assets arising from losses carried forward and deductible temporary differences are capitalised only if it is likely that they can be realised in the future.

Contingent liabilities

These are obligations for which an outflow of cash is considered unlikely but possible and obligations which are possible but whose existence is not yet confirmed. They are not recognised in the balance sheet unless they were acquired as part of the acquisition of a subsidiary. In contrast, the amount of a possible obligation is disclosed at the balance sheet date as a contingent liability in the notes to the consolidated financial statements.

Financial assets and liabilities

Financial assets and liabilities (other than trade receivables with no significant financing components) are initially recognised at fair value and, in the case of financial assets and liabilities that are not classified "at fair value through profit or loss", including transaction costs directly attributable to their acquisition or issue. Trade receivables with no significant financing component are initially measured at the transaction price, which corresponds to fair value. Subsequent measurement is based on the category to which the financial assets and liabilities are assigned. Axpo Solutions Group classifies its financial assets and liabilities as follows:
- At amortised cost
- At fair value through profit or loss

A financial asset is measured at amortised cost if both of the following conditions are met and it has not been designated as at fair value through profit or loss:
- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method and impaired by loss allowances. Interest income, exchange rate gains and losses and impairments are recognised in the income statement.
Financial assets that are held to generate cash flows by selling the assets and financial assets and liabilities that are held or managed for trading purposes and whose value is measured on the basis of fair value are classified as "at fair value through profit or loss". These assets and liabilities are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the income statement.

Derecognition of financial assets
A financial asset is derecognised if one of the following conditions is met:
- The contractual rights to receive cash flows from the financial asset have expired.
- The Group has transferred its contractual rights to receive cash flows from the financial asset to a third party or has assumed a contractual obligation to immediately pay the cash flow to a third party under a transfer agreement, either transferring substantially all the risks and rewards incidental to ownership of the financial asset, or neither transferring nor retaining substantially all the risks and rewards incidental to ownership of the financial asset, but transferring control of the asset.

If a gain or loss results from the derecognition of the financial asset, it is recognised in the income statement.

Other financial assets
All equity investments over which Axpo Solutions Group does not have significant influence or control but which are held over the long term are recorded under other investments. These investments are classified as "at fair value through profit or loss". Changes in the fair value are recognised in profit or loss.
Long-term loans to third parties, as well as to associates, are measured at amortised cost using the effective interest method, less loss allowances. If, when the loan is paid out, the agreed interest rate equals the market interest rate and both the disbursement and the repayment are made at nominal value, the amortised cost is equal to the nominal value of the loan.
Current and non-current time deposits are measured at amortised cost using the effective interest method less loss allowances. If at the date of issuing the time deposit, the contractually agreed interest rate corresponds to the market interest rate, and the borrowing and repayment amount is contracted to be at nominal value, the time deposit is measured at nominal value less loss allowances.

Trade receivables, other receivables and financial receivables
Trade receivables with no significant financing components are initially measured at the transaction price in accordance with IFRS 15. All other trade receivables and other current receivables subject to IFRS 9 are recognised at fair value less transaction costs and less loss allowances. In subsequent measurements, they are measured at amortised cost less loss allowances.

Contract assets/liabilities
Contract assets exist in connection with energy efficiency projects. The majority of these are customer-specific construction contracts for which a right to a consideration exists for goods or services that are transferred to the customer. If a consideration is received before goods or services are transferred to the customer, a contract liability is recognised. Contract assets and contract liabilities are presented in other receivables and other liabilities, respectively.

Cash and cash equivalents
Cash and cash equivalents comprise petty cash and credit balances at banks, as well as sight deposits and deposits with a term of no more than 90 days from the time of acquisition.

Financial liabilities
Financial liabilities consist of loans from third parties and associates as well as bonds. On initial recognition, they are measured at fair value less transaction costs and thereafter at amortised cost. Amortisation of the difference between the fair value of the consideration received less transaction costs and the repayment value is calculated using the effective interest method and recorded in the income statement over the duration of the finance term.
In order to achieve matching maturities between assets and liabilities, the financing of wind farms, which are built for sale in the ordinary course of business and which are presented as work in progress in inventories, is reported as current financial liabilities.

Other liabilities (non-current)
This position includes all other liabilities which will become due more than twelve months after the balance sheet date and which cannot be assigned to any other position of non-current liabilities. It also includes liabilities from assigned rights of use. Payments received from third parties in consideration for rights to use facilities and procure energy are recognised under this position and released to the income statement on a straight-line basis over the life of the respective rights of use. The respective useful life is reviewed at the end of each financial year. The individual contractual useful life applies in all cases.

Derivative financial instruments
Derivative financial instruments are accounted for as assets or liabilities and measured at fair value. Changes in fair value are recorded in the income statement unless the derivative financial instrument forms part of a hedging relationship (derivatives designated as hedging instruments). In that case, the change in fair value is recognised in accordance with the underlying hedge type.

Energy derivatives
Axpo Solutions Group trades with contracts in the form of forward transactions (forwards, futures, swaps) and options with energy as the underlying (electricity, gas, oil, coal, LNG, biomass and certificates).
Net settled contracts that have a purely speculative intention are presented as current, independent of their contract term. Contracts which are entered into with the intention of physical delivery and which have a term to maturity of more than twelve months are presented as non-current.
The management of the production portfolio of Axpo is usually carried out using physical forward or future contracts. First sales of production energy with physically settled forward and future contracts are treated as own use contracts. The respective revenues are recognised upon delivery. The margin balancing is recorded as other receivables and other liabilities. If a contract becomes onerous, a provision is recognised in accordance with IAS 37.
Other transactions in the management chain of the sale of own production energy are used as hedging instruments and measured at fair value through profit or loss.
If a framework agreement with a netting clause exists for a counterparty and if there is an enforceable legal right to offset and the intention to settle net, the positive and negative replacement values, which fall due simultaneously, are netted. However, no netting is applied between derivative financial instruments which are "held for trading" and derivative financial instruments which are designated as hedging instruments.

Foreign currency and interest rate derivatives
To hedge exchange and interest rate risks, derivative financial instruments are used when required. This is done in accordance with existing guidelines on hedging.
Financial instruments that are entered into to hedge foreign exchange risks of the current operating activities are classified as "held for trading". Realised and unrealised changes in fair value are recognised in other operating income.
Cash flow hedge accounting is applied to hedge future cash flow risks from interests on long-term loans. The effective portion of the change in fair value of the hedging instrument is recognised in other comprehensive income, taking into account the deferred taxes. The ineffective portion of the hedging relationship is recognised in "financial income" or "financial expense". As soon as the underlying transaction is recognised in the income statement, the accumulated changes in fair value of the hedging instrument are transferred from equity to "financial income" or "financial expense".

Impairment of non-derivative financial assets
Axpo Solutions Group uses the simplified approach permitted by IFRS 9 for the calculation of loss allowances for the balance sheet positions trade receivables, revenue not yet invoiced, contract assets and current and non-current lease receivables. As a result, the loss allowance is calculated over the entire term of the contract. For these balance sheet positions, the loss allowance is calculated based on a maturity matrix. For customers of the retail business, the same maturity matrix is used per country. The loss allowance for all other counterparties is calculated based on a maturity matrix and the counterparty rating.
For all other financial assets for which the simplified approach is not envisaged, the loss allowance is calculated using the three-stage model. The calculation of the risk provision is based on the counterparty rating and the remaining contract term. Depending on which stage the financial asset is allocated to, the loss allowance is calculated over twelve months or the shorter remaining contract term (stage 1) or over the entire remaining contract term (stages 2 and 3). Counterparty ratings are prepared based on both quantitative and qualitative information and analysis. The probability of default per counterparty rating and contract term corresponds to the observable industrial values.
From Axpo Solutions' point of view, a financial asset has low default risk if its counterparty rating meets the definition of "investment grade". Axpo Solutions defines a rating of up to and including BBB as investment grade. Financial assets with such a rating are assigned to stage 1. No further review regarding an increase in credit risk is performed.
Axpo also assumes that the risk of a financial asset defaulting has increased significantly if it is more than 30 days past due or if the counterparty rating has deteriorated by more than two stages since the contract was concluded and is outside investment grade. In this case, a financial asset is allocated to stage 2.
Axpo considers a financial asset to be credit-impaired if the borrower has filed for bankruptcy or if the financial asset is more than 90 days past due. These assets are allocated to stage 3. Assets remain impaired on the balance sheet until foreclosure has been completed.
The assumptions made when a financial asset is 30 or 90 days past due can be rebutted if appropriate and supportive information is available.
If there are indications of impairment, a loss allowance is calculated on an individual basis and recognised. Axpo assumes a recovery rate of 20% on financial receivables past due for more than 360 days.
Loss allowances for financial receivables of an operating nature and for financial guarantees and credit lines not yet drawn are recognised above EBIT, while loss allowances for financial receivables of a financing nature are recognised in the financial result.

5 Estimation uncertainties and significant judgements in the application of accounting policies

In the process of preparing the consolidated financial statements in accordance with IFRS, Axpo Solutions Group management made judgements, estimates and assumptions which have an effect on the applicable accounting policies and the amounts recognised under assets, liabilities, income and expenses as well as their presentation. The estimates and assumptions are based on existing knowledge and various other factors which are regarded as appropriate under the given circumstances. These serve as a basis for the recognition of assets and liabilities which cannot be measured directly through any other source. The actual values may deviate from these estimates.
The estimates and assumptions are regularly reviewed. Where necessary, adjustments are made to estimates if the circumstances on which they were based have changed or if new information and additional facts have become known. Such adjustments are recognised in the period in which the estimates were adjusted. The key assumptions concerning the future development and other key sources of estimation uncertainty which could result in material adjustments to the carrying amounts of assets and liabilities are described below.

Significant judgements in the application of accounting policies

Classification of partner plants
Axpo Solutions Group holds a majority share in certain partner plants. Due to the special circumstances with partner plants, it has to be assessed whether Axpo Solutions Group has control over these partner plants through its majority shares.
The definition of control in accordance with IFRS 10 requires an investor to hold rights that give it power over the relevant activities of the investee. In the case of a corporation, the voting rights constitute such rights. However, IFRS 10 also makes clear that the (voting) rights must not only exist in principle, but also represent (economically) substantive rights. This means that the holder of the rights must have the practical ability to exercise such rights. Therefore, when assessing whether Axpo Solutions has control over individual partner plants, other factors in addition to the proportion of voting rights must be considered. Axpo Solutions holds a majority interest in certain partner plants and operates these plants jointly with other commercial energy companies in the Swiss market. At the same time, these partners also hold interests in other partner plants in which Axpo Solutions does not hold a majority interest. Given these mutual dependencies/interests and the conditions governing the Swiss energy market, Axpo Solutions has concluded that the voting rights it holds in some cases do not represent substantive rights, despite a majority interest being held, and that it therefore does not have control. These partner plants are classified as associates and are accounted for using the equity method. The assessment if and in which cases the factors mentioned above prevent Axpo Solutions as a majority shareholder from exercising control is a management judgement.

Accounting for energy derivatives
For some contracts, it needs to be analysed whether they have to be treated as derivatives or as own use contracts which are accounted for as executory contracts without recognising replacement values in the financial statement. At Axpo Solutions Group, the corresponding accounting of the contracts is based on the allocation to a business model. Contracts concluded under the business model customer solution generally meet the definition of a derivative and are managed on a portfolio basis. Therefore, all contracts of this business model are measured at fair value.
The production portfolio is managed by means of forward transactions and futures contracts, which are accounted for as own use contracts like executory contracts or are designated as hedging instruments in a cash flow hedge relationship.
The distinction between business models and the subsequent definition of accounting for contracts is a discretionary decision of the management.

Estimation uncertainties

Property, plant and equipment
Axpo Solutions Group has property, plant and equipment with a carrying amount of CHF 982.4 million (previous year: CHF 578.2 million). These are tested for impairment if there is an indication of impairment. To determine whether there is an impairment, these asset values are assessed based on the expected future cash flows from the use of these assets. The actual cash flows may differ significantly from the future cash flows based on these estimates. Significant parameters such as useful life, electricity price movements and the discount rate are by their nature subject to major uncertainties.

Transmission systems
The Swiss Electricity Supply Act (StromVG) entered into force on 1 January 2008. The law requires all transmission systems to be transferred to the national grid operator Swissgrid AG within five years. On 3 January 2013, transmission system owner EGL Grid AG was transferred to Swissgrid AG on the basis of an agreement for a contribution in kind at the provisional transfer value. The previous owners of the transmission systems were compensated in the form of shares of Swissgrid AG and loans to Swissgrid AG. In connection with the transfer of the transmission system and the related equipment from the previous owners to Swissgrid AG, the method for determining the relevant asset value was decreed on 20 October 2016 by ElCom. A payment on account was made at the beginning of 2017. The final valuation of the transmission systems will be made as part of a further

valuation adjustment or purchase price adjustment (valuation adjustment 2) with participation of all former transmission system owners. This requires binding decisions for all open proceedings relevant for the valuation (tariff proceedings for the years 2009 to 2012, proceedings concerning cover differences in 2011 and 2012 as well as the proceedings for determining the asset value for the transfer of the transmission systems to Swissgrid). Depending on the outcome of these pending proceedings, the definitive transfer values of the transmission systems may in some cases differ from the provisional transfer values.
With respect to EGL Grid AG, ElCom issued a ruling on 10 April 2018 concerning coverage differences in 2009 and 2010 and the tariffs for the years 2011 and 2012. As a result, Swissgrid retroactively refunded network grid usage fees totalling CHF 5.4 million to Axpo Solutions AG during the financial year 2017/2018.

Goodwill

As at 30 September 2019, the net carrying value of goodwill from business combinations was CHF 168.4 million (previous year: CHF 77.1 million). Goodwill is tested for impairment in the fourth quarter of each year, or earlier if there are indications of impairment. The value of the goodwill is largely determined by expected future cash flows, the discount rate and long-term growth rates. The key assumptions are explained in Note 12 "Impairment losses, impairment reversals, depreciation, amortisation and provisions for onerous contracts". A change in the assumptions in future periods can result in an impairment loss.

Employee benefits

Employees in Switzerland are insured with PKE-CPE Vorsorgestiftung Energie, a pension fund which meets the criteria of a defined benefit plan under IAS 19. The reported asset or liability for this pension plan is calculated on the basis of an actuarial calculation by an actuary. In particular, the present value of the defined benefit obligation is dependent on assumptions such as the discount rate, future wage and salary increases, and the expected increase in pension benefits. In addition, independent actuaries base their assumptions on statistical data, such as the probability of employees leaving the company and the life expectancy of insured members. The assumptions may deviate substantially from actual results due to changes in market conditions and the economic environment, higher or lower exit rates, longer or shorter lives of insured members and other estimated factors. These deviations may have an impact on pension assets and liabilities reported in future reporting periods. The key assumptions are explained in Note 30, "Employee benefits".

Fair values of financial instruments

Financial assets and liabilities as well as derivatives are recognised in the balance sheet at their fair value. The fair value is the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants at the measurement date. As at 30 September 2019, Axpo Solutions Group had derivative financial instruments with positive and negative replacement values totalling CHF 2,917.4 million (previous year: CHF 4,265.5 million) and CHF 2,692.1 million (previous year: CHF 4,781.7 million), respectively. Wherever possible, the fair value applied to financial instruments is based on rates and prices quoted on active markets. The fair value of financial instruments for which no active market or official quoted prices exist is determined using accepted valuation models, applying observable market data, if available, as input factors. If no observable market data are available, the input factors are estimated based on reasonable assumptions.
Models always provide an estimation or approximation of a value which cannot be determined with certainty. The fair value obtained using this method reflects the assumptions of management and may vary depending on the choice of input factors and model. The actually realisable cash flows may therefore deviate from the model values which are based on estimates and assumptions (see Note 6 "Financial risk management").

Income taxes and value added tax

Complex tax regulations in Switzerland and abroad create estimation uncertainty for Axpo Solutions Group. In addition, any changes in practice by the tax authorities in Switzerland and abroad may lead to reassessments of tax obligations. The Axpo Solutions Group is subject to regular audits by the tax authorities, which may lead to different results with regard to the tax estimates or the Group's judgement. Even if Axpo Solutions' management considers its tax estimates to be appropriate, the final decision on such tax audits or reviews may differ from its tax provisions and deferred liabilities. As a result, Axpo Solutions Group may be subject to additional tax liabilities, interest, penalties or regulatory, administrative or other related sanctions.

6 Financial risk management

General principles

Axpo Solutions Group is exposed to various financial risks in the course of its business activities: market risks (including exchange rate, interest and energy price risks), credit risks and liquidity risks. Financial risk management complies with the principles and directives drawn up by the Board of Directors and Executive Management governing the management of market, credit and liquidity risks. The responsible units within Risk Management & Valuation monitor the risks of the front division of the business area Trading & Sales, which is managed by Axpo Solutions Group. The Axpo Solutions Risk Management Directive approved by Axpo Group Management describes the aims and principles of risk management for Axpo Solutions Group. It also includes information on the organisation (governing bodies, tasks, responsibilities and authorities), risk measurement and management, and implementation of limit systems. Executive Management is responsible for drawing up the concrete details and for implementation. The Risk Management & Valuation department is responsible for measuring and monitoring market price risks, as well as credit risks, and for the provision of timely and relevant risk reports to the relevant units.
Risks to the assets of Axpo Solutions Group are monitored by Axpo's Group-wide risk management. Risk in the Axpo Group is managed in accordance with the Axpo Group Risk Management Manual.
The Treasury department of Axpo Group is responsible for monitoring and managing financial market risks, such as interest risks, exchange rate risks and liquidity risks.

Business model

The current customer solution business model for tailor-made contracts is based on a portfolio approach. All contracts of the customer solution portfolio are measured at fair value, as these contracts, portfolios and inventories are principally acquired with the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin. Further risks in this business are managed on a portfolio basis.
The business model for the management and sale of the company's own energy production reports the first sale of self-produced energy to the OTC market as sale to customers. All subsequent contracts in the management chain concluded for the management of own energy production are considered as hedging instruments and are measured at fair value through profit or loss.

Capital management

CHF million	30.9.2019	30.9.2018
Financial liabilities current	815.5	656.1
Financial liabilities non-current	1 009.5	662.2
Total eligible debt	**1 825.0**	**1 318.3**
Cash and cash equivalents	525.2	411.1
Financial receivables current	1 211.6	1 405.5
Other financial assets non-current	299.5	336.2
Total liquidity	**2 036.3**	**2 152.8**
Net asset	**211.3**	**834.5**

Gearing is the controlling instrument which is actively monitored by the Board of Directors. The maximum acceptable level of gearing is approximately 70%. As at 30 September 2019, gearing was −8.8 % (previous year: −49.6 %). As the calculation of the net debt ratio resulted in a net asset of CHF 211.3 million (previous year: net asset of CHF 834.5 million), the key figure is negative.
Axpo Solutions Group also obtains financing through interest-bearing financial liabilities, ensuring that the amount of financing does not have an unreasonable impact on profitability. An optimal capital structure keeps interest costs at a reasonably low level.
In addition, one Axpo Solutions Group subsidiary is subject to regulatory equity requirements and supervision by a local supervisory authority. The regulatory equity requirements were complied with at all times in both the 2017/18 and 2018/19 financial years.

Market price risks

Market price risks arise from price and exchange rate movements in respect of unhedged positions held in energy and financial transactions.
To hedge part of the expected future energy procurement and energy sales and to hedge currency and interest rate fluctuations, Axpo Solutions Group enters into derivative financial instruments when necessary.

Energy price risks

Axpo Solutions Group defines energy price risks as the impact from unexpected changes in energy prices. Price fluctuations and correlations between the various markets and products may affect Axpo Solutions Group negatively. These risks are therefore monitored and reported on a daily basis by Risk Management & Valuation of the business area Trading & Sales. Monitoring follows the principles set out in the Risk Management Directive as well as the trading mandates based thereon.
The market price risk is limited using a transparent limit system consisting of a VaR and volume limits. The total risk limits for market and credit risks are approved annually by the Board of Directors at the request of the Executive Management, and subsequently broken down by individual divisions, departments and books.
Some of the energy derivatives concluded by Axpo Solutions Group are designated as hedging instruments in cash flow hedges for the purpose of hedging procurement contracts. As at 30 September 2019, these derivatives had a contract volume of CHF 508.2 million (previous year: CHF 857.1 million) and were 100% effective during the reporting period.

The following table shows the expected amounts of reclassifications to profit or loss relating to cash flow hedges from energy hedging transactions:

CHF million	Effect on profit or loss 30.9.2019	Contract volume 30.9.2019	Effect on profit or loss 30.9.2018	Contract volume 30.9.2018
2018/19	–	–	–368.9	384.6
2019/20	–62.6	247.4	–118.3	200.4
2020/21	–69.5	203.0	–53.1	211.8
2021/22	–13.5	56.7	–13.5	59.2
2022/23	–0.1	1.1	–0.1	1.1
Total	**–145.7**	**508.2**	**–553.9**	**857.1**

Sensitivity analysis of energy price risks

Energy price risks are quantified using the Value-at-Risk (VaR) method, assuming a holding period of five days and a confidence interval of 99%. The VaR method defines a potential loss which, with 99% probability, will not be exceeded, taking into account historic market developments. VaR is calculated on a daily basis.

CHF million	30.9.2019	30.9.2018
VaR business area Trading & Sales	38.4	38.7

The Value-at-Risk is at approximately the same level as in the previous year, indicating a similar risk profile.

Currency risks

Due to the international nature of its operations and the involvement of various foreign currencies, Axpo Solutions Group is exposed to exchange rate risks, particularly with regard to the euro. Currency risks arise from business transactions and from recognised assets and liabilities if these are not denominated in the functional currency of the respective subsidiary and from net investments in foreign operations.
To reduce the currency risk related to business transactions as well as the recognised assets and liabilities, Group entities mainly use forward contracts in compliance with the Group's principles governing currency risks. The currency risk arising from trading, origination and sales activities is managed by front office staff. Axpo Group Treasury, in close coordination with Axpo Solutions Group's operating entities, is responsible for managing the amount of the remaining net positions in all main currencies through appropriate hedging transactions (mainly transaction risk).

Sensitivity analysis of the currency risks

A reasonably possible change in exchange rates would have had the following impact on the income statement and on equity, assuming that the other parameters remained the same:

CHF million		30.9.2019		30.9.2018	
	+/– change	+/– effect on income statement	+/– effect on equity	+/– effect on income statement	+/– effect on equity
CHF/USD foreign currency risk	10%	–1.1	0.0	–4.4	0.0
CHF/EUR foreign currency risk	10%	–123.4	–2.2	–43.6	–24.3
CHF/GBP foreign currency risk	10%	–2.1	0.0	–1.5	0.0
CHF/PLN foreign currency risk	10%	–3.6	0.0	–3.2	0.0
GBP/EUR foreign currency risk	10%	2.6	0.0	0.0	0.0
NOK/EUR foreign currency risk	10%	–3.8	0.0	–2.8	0.0
NOK/SEK foreign currency risk	10%	0.0	0.0	2.8	0.0
SEK/EUR foreign currency risk	10%	–1.3	0.0	1.7	0.0

Interest rate risks

Financial assets and liabilities subject to variable interest rates, as well as cash and cash equivalents, expose the Group to a cash flow interest rate risk. Financial liabilities issued with mainly fixed interest rates do not expose the Group to any interest rate risk.
It is Axpo Group's policy to manage interest rate expenses by means of variable and fixed-rate interest-bearing liabilities and interest-based derivatives in the form of interest rate swaps. Axpo Group Treasury monitors the ratio between variable and fixed-rate interest-bearing net debt on an ongoing basis.
Interest rate risks on derivative financial instruments are actively managed by the front office of the business area Trading & Sales.

Interest-bearing financial assets and liabilities

The interest-bearing financial assets and liabilities held by Axpo Solutions Group relate to petty cash and cash at banks, given loans as well as bank liabilities, received loans and issued bonds.

CHF million	Fixed rate 30.9.2019	Variable rate 30.9.2019	Fixed rate 30.9.2018	Variable rate 30.9.2018
Financial assets measured at fair value	**1.9**	**0.0**	**0.0**	**0.0**
Loans and receivables	**142.4**	**1 892.0**	**209.9**	**1 941.5**
Petty cash and cash at banks	0.0	525.2	0.0	411.1
Other financial assets (non-current)	82.0	216.9	133.4	202.8
Financial receivables (current)	60.4	1 149.9	76.5	1 327.6
Available-for-sale financial assets	**0.0**	**0.0**	**1.4**	**0.0**
Financial liabilities measured at fair value	**0.0**	**6.1**	**0.0**	**0.6**
Financial liabilities measured at amortised cost	**1 421.2**	**398.7**	**1 083.6**	**234.7**
Financial liabilities (non-current)	714.0	295.5	513.6	148.6
Financial liabilities (current)	707.2	103.2	570.0	86.1
Net exposure	**–1 276.9**	**1 487.2**	**–872.3**	**1 706.2**

Variable interest-bearing financial liabilities relating to the construction of photovoltaic systems expose Axpo Solutions Group to an interest rate risk. This risk is reduced through adequate use of derivative financial instruments in the form of interest rate swaps. These interest rate swaps were designated as hedging instruments in cash flow hedges and were 100% effective during the reporting period.

Sensitivity analysis of interest rate risk

A reasonably possible change in interest rates would have had the following impact on the income statement and on equity, assuming that the other parameters remained the same:

CHF million		30.9.2019		30.9.2018	
	+/– change	+/– effect on income statement	+/– effect on equity	+/– effect on income statement	+/– effect on equity
Interest rate risk	1%	16.2	–0.1	11.6	0.0

Credit risks

The need for credit risk management arises from the fundamental risk of trading partners or origination customers of Axpo Solutions Group not being able to meet all or part of their obligations, which could result in a financial loss. To avoid this risk, receivables and replacement values from trading partners or origination customers are monitored and future developments analysed. In addition, creditworthiness is analysed on an ongoing basis. Business units and subsidiaries are involved in credit risk management.

Credit risks are managed by establishing internal credit limits. The credit limits are based on the rating of the trading partners or origination customers and define the limit for the exposure to each of them. These limits are established by the independent Credit Risk Department as the maximum total exposure and are applicable throughout Axpo Solutions Group. The rating of trading partners or origination customers is based on their creditworthiness, which defines the probability of default. Transactions may only be entered into with business partners that have been subject to prior analysis. The credit exposures are actively mitigated through the use of guarantees, collateral, insurance and advance payments received. Receivables from counterparties are monitored through regular reporting on a daily basis. In addition, a formalised process is applied to introduce countermeasures in due time in the event that negative trends are identified.

Due to the fact that risk is distributed among various counterparties, customers and countries, the credit risk is spread accordingly.

Carrying amount of financial assets

The following table shows the carrying amount of the financial assets held by Axpo Solutions Group, grouped according to the categories defined in IFRS 9 (previous year: IAS 39):

CHF million	Notes	Carrying amount 30.9.2019	Carrying amount 30.9.2018
At amortised cost/loans and receivables		**4 263.7**	**4 478.0**
Other financial assets (non-current)	19	298.9	336.2
Other receivables (current and non-current)	23	566.1	646.1
Trade receivables		712.0	610.4
Financial receivables (current)	22	1 210.3	1 404.1
Revenues not yet invoiced		951.2	1 070.1
Cash and cash equivalents	24	525.2	411.1
Available-for-sale financial assets		**0.0**	**1.4**
Other financial assets (current and non-current)		0.0	1.4
Financial assets at fair value through profit or loss (mandatory)		**1.9**	**0.0**
Other financial assets (current and non-current)		1.9	0.0
Financial assets at fair value through profit or loss (held for trading)		**2 908.2**	**4 218.6**
Energy derivatives		2 682.3	4 083.5
Currency forward contracts		225.9	135.1
Derivatives designated as hedges		**9.2**	**46.9**
Energy derivatives		9.2	46.9
Total financial assets		**7 183.0**	**8 744.8**
./. Total available-for-sale shares and participation certificates		0.0	–1.4
Maximum credit default risk		**7 183.0**	**8 743.4**

Credit risk concentration of trade receivables/revenue not yet invoiced by geographical area

CHF million	Carrying amount 30.9.2019	Carrying amount 30.9.2018
Western Europe	459.5	511.5
Southern Europe	751.4	730.5
Central Europe	373.8	325.0
Others Europe	61.8	104.9
Outside Europe	16.7	8.6
Total	**1 663.2**	**1 680.5**

Ageing analysis trade accounts receivables / revenue not yet invoiced and their loss allowances

"Big customers" as at 30 September 2019

CHF million	Not yet due	Past due 1–30 days	Past due 31–90 days	Past due 91–180 days	Past due 181–360 days	Past due more than 360 days	Total
Counterparty rating AAA	4.2	0.0	0.0	0.3	0.1	0.0	4.6
Counterparty rating AA	36.0	0.4	0.0	0.2	0.1	0.0	36.7
Counterparty rating A	89.8	4.7	1.2	0.1	0.1	0.0	95.9
Counterparty rating BBB	426.6	17.0	1.4	0.8	0.5	0.5	446.8
Counterparty rating BB	257.1	32.5	3.8	0.4	0.0	4.3	298.1
Counterparty rating B	262.8	11.8	3.3	0.0	0.7	2.4	281.0
Counterparty rating CCC	15.0	0.1	0.0	0.7	0.0	21.8	37.6
Counterparty rating < CCC	0.2	0.9	0.0	0.1	0.1	18.0	19.3
Total cost of acquisition	**1 091.7**	**67.4**	**9.7**	**2.6**	**1.6**	**47.0**	**1 220.0**
Loss allowances	–0.6	–0.1	0.0	–0.8	–0.3	–34.3	–36.1
Total	**1 091.1**	**67.3**	**9.7**	**1.8**	**1.3**	**12.7**	**1 183.9**

"Retail customers" as at 30 September 2019

CHF million	Not yet due	Past due 1–30 days	Past due 31–90 days	Past due 91–180 days	Past due 181–360 days	Past due more than 360 days	Total
Trade receivables and revenue not yet invoiced Retail customers	450.0	15.7	12.7	3.2	3.9	51.6	537.1
Gross carrying amount	**450.0**	**15.7**	**12.7**	**3.2**	**3.9**	**51.6**	**537.1**
Loss allowances	–0.4	–0.2	–0.8	–2.0	–3.4	–51.0	–57.8
Net carrying amount	**449.6**	**15.5**	**11.9**	**1.2**	**0.5**	**0.6**	**479.3**

Loss allowances created, released or no longer required

The following table shows the development of the loss allowances on trade receivables/revenue not yet invoiced for the 2018/19 reporting year:

CHF million	Big customers	Retail customers	Total
Loss allowances as at 30.09.2018	**41.0**	**58.3**	**99.3**
Effect of first-time adoption of IFRS 9	–1.1	0.1	–1.0
Loss allowances restated as at 01.10.2018	**39.9**	**58.4**	**98.3**
Financial assets derecognised during reporting year	–5.9	–2.8	–8.7
Financial assets recognised during reporting year	2.9	11.6	14.5
Write-offs	0.0	–7.3	–7.3
Changes in models/risk parameters	0.5	0.0	0.5
Currency effects	–1.3	–2.1	–3.4
Loss allowances as at 30.09.2019	**36.1**	**57.8**	**93.9**

Ageing analysis of trade receivables and their loss allowances as at 30 September 2018

CHF million	Gross 30.9.2018	Bad debt allowances 30.9.2018
Not yet due	370.8	–0.3
Past due 1–60 days	215.4	–1.3
Past due 61–150 days	9.7	–2.6
Past due 151–360 days	16.7	–8.6
Past due more than 360 days	97.1	–86.5
Total	**709.7**	**–99.3**

The following table shows the development of the loss allowances on trade receivables for the 2017/18 reporting year:

	Trade receivables	
CHF million	General allowances	Specific allowances
Bad debt allowances as at 30.9.2017	**–10.5**	**–82.0**
Net increase	–2.3	–14.6
Non-collectible receivables written off	4.2	4.2
Currency effects	0.1	1.6
Bad debt allowances as at 30.9.2018	**–8.5**	**–90.8**

Development of the credit quality of loans and investments for the 2018/19 reporting year

CHF million	12-month expected credit loss	Lifetime expected loss – not credit impaired	Lifetime expected loss – credit impaired	Total
Gross carrying amount as at 30.09.2018	**1 849.0**	**0.0**	**3.7**	**1 852.7**
Additions	1 337.3	0.0	0.0	1 337.3
Repayments	–1 523.1	0.0	0.0	–1 523.1
Evaluation changes	–7.1	0.0	0.0	–7.1
Reclassification to “assets held for sale“	–10.0	0.0	0.0	–10.0
Reclassification	7.2	0.0	0.0	7.2
Change in scope of consolidation	–9.1	0.0	0.0	–9.1
Foreign currency translation	–11.3	0.0	0.0	–11.3
Gross carrying amount as at 30.09.2019	**1 632.9**	**0.0**	**3.7**	**1 636.6**
Counterparty rating AA	42.8	0.0	0.0	42.8
Counterparty rating A	16.2	0.0	0.0	16.2
Counterparty rating BBB	1 166.9	0.0	0.0	1 166.9
Counterparty rating BB	228.1	0.0	0.4	228.5
Counterparty rating B	178.9	0.0	3.3	182.2
Gross carrying amount as at 30.09.2019	**1 632.9**	**0.0**	**3.7**	**1 636.6**
Loss allowances	–123.7	0.0	–3.7	–127.4
Net carrying amount as at 30.09.2019	**1 509.2**	**0.0**	**0.0**	**1 509.2**

The carrying amount of CHF 1,509.2 million contains non-current loans and cash deposits in the amount of CHF 298.9 million (see Note 19 “Other financial assets”) as well as current financial receivables in the amount of CHF 1,210.3 million (see Note 22 “Financial receivables (current)”.
The loss allowances on loans granted to Global Tech I Offshore Wind GmbH and Società EniPower Ferrara S.r.l. relate to the reclassification of the negative carrying amounts of the investments on consolidation level (see Note 17 “Investments in partner plants and other associates”). The credit quality of the loans did not change since the contracts were signed. Therefore the loans are presented as 12-month expected credit loss.

Loss allowances created, released or no longer required

The following table shows the development of the loss allowances on loans and investments for the 2018/19 reporting year:

CHF million	12-month expected credit loss	Lifetime expected loss – not credit impaired	Lifetime expected loss – credit impaired	Total
Loss allowances as at 30.09.2018	**108.7**	**0.0**	**3.7**	**112.4**
Effect of first-time adoption of IFRS 9	3.8	0.0	0.0	3.8
Loss allowances as at 01.10.2018 restated	**112.5**	**0.0**	**3.7**	**116.2**
Financial assets derecognised during reporting year	–0.7	0.0	0.0	–0.7
Financial assets recognised during reporting year	0.7	0.0	0.0	0.7
Changes in models/risk parameters	16.4	0.0	0.0	16.4
Currency effects	–5.2	0.0	0.0	–5.2
Loss allowances as at 30.09.2019	**123.7**	**0.0**	**3.7**	**127.4**

Transfer of trade receivables

Axpo Solutions Group has transferred trade receivables to banks against cash. The carrying amount of the trade receivables transferred as at 30 September 2019 was CHF 159.0 million. The trade receivables were derecognised as substantially all risks and rewards, primarily the default risk, were transferred to banks. For part of the transferred trade receivables, the interest rate risk for the first 240 days remains with Axpo Solutions Group.

Cash and cash equivalents and financial receivables

Cash and cash equivalents and time deposits are preferably held with banks which have been rated at least BBB by an internationally recognised rating agency. Cash deposits are held in a limited amount, with sliding maturities and are distributed among different banks. The limits on these deposits are reviewed on a regular basis. No write-downs have been necessary to date.

Collateral

A significant portion of the energy transactions in Axpo Solutions Group are concluded on the basis of framework agreements such as the EFET (European Federation of Energy Traders) General Agreement on Power or Gas, the ISDA (International Swaps and Derivatives Association) or the DRV (German Master Agreement for Financial Forward Transactions). In the event of the insolvency of a business partner, they provide for an offsetting of open transactions (see table "Netting of positive and negative derivative financial instruments", column "Additional netting potential").
In addition, the credit risk is reduced by the collateral received. In the case of major credit risks, credit support annexes (CSAs) are attached to the framework agreements in which regular reciprocal margin payments are agreed as additional collateral, mostly in the form of cash. Since such collateral is not only received for transactions allocated to a trading book but also for off-balance-sheet items that are assigned to an own use book, the collateral cannot be meaningfully allocated to individual balance sheet items. For further contingent liabilities and legal disputes as well as pledged assets, please refer to Note 33 "Other contingent liabilities, contingent assets and legal disputes" and Note 32 "Pledged assets", respectively.

Financial securities received and delivered as at 30 September 2019

CHF million	Financial securities received	Financial securities delivered
Credit Support Annex (CSA)	261.7	151.6
Bank guarantee	157.4	0.0
Others	1 313.9	510.8
Total	**1 733.0**	**662.4**

Financial securities received and delivered as at 30 September 2018

CHF million	Financial securities received	Financial securities delivered
Credit Support Annex (CSA)	497.9	232.4
Bank guarantee	357.4	0.0
Others	1 209.1	284.7
Total	**2 064.4**	**517.1**

Credit Support Annexes are recognised at their nominal value in the balance sheet, whereas guarantees are measured at fair value. The fair value of the guarantees is normally zero.
Guarantees and parent company guarantees granted within Axpo Solutions Group are only presented in the separate financial statements of the company that granted them.
In some countries Axpo has joint liabilities in the case of default of another exchange participant, no matter if this participant is a counterparty of Axpo or not. For known cases a liability was recognised.

Netting of positive and negative derivative financial instruments as at 30 September 2019

CHF million	Assets subject to legally enforceable netting agreements: Gross assets before balance sheet netting	Netting	Net assets after balance sheet netting	Assets not subject to master netting agreements or to legally enforceable master netting agreements	Total assets recognised on the balance sheet	Additional netting potential: Netting potential not reported on the balance sheet	Assets after recognition of the netting potential
Financial assets at fair value							
Financial assets at fair value through profit or loss (held for trading)							
Energy derivatives	2 859.4	–1 231.2	1 628.2	1 054.1	2 682.3	–919.7	1 762.6
Currency forward contracts	0.0	0.0	0.0	225.9	225.9	0.0	225.9
Derivatives designated as hedges							
Energy derivatives	17.6	–8.7	8.9	0.3	9.2	–0.1	9.1
Total	**2 877.0**	**–1 239.9**	**1 637.1**	**1 280.3**	**2 917.4**	**–919.8**	**1 997.6**

CHF million	Liabilities subject to legally enforceable netting agreements: Gross liabilities before balance sheet netting	Netting	Net liabilities after balance sheet netting	Liabilities not subject to master netting agreements or to legally enforceable master netting agreements	Total liabilities recognised on the balance sheet	Additional netting potential: Netting potential not reported on the balance sheet	Liabilities after recognition of the netting potential
Financial liabilities at fair value							
Financial liabilities at fair value through profit or loss (held for trading)							
Energy derivatives	2 681.3	–1 231.2	1 450.1	1 094.1	2 544.2	–919.7	1 624.5
Currency forward contracts	0.0	0.0	0.0	109.9	109.9	0.0	109.9
Derivatives designated as hedges							
Energy derivatives	38.4	–8.7	29.7	2.2	31.9	–0.1	31.8
Other derivative financial instruments	0.0	0.0	0.0	6.1	6.1	0.0	6.1
Total	**2 719.7**	**–1 239.9**	**1 479.8**	**1 212.3**	**2 692.1**	**–919.8**	**1 772.3**

Netting of positive and negative derivative financial instruments as at 30 September 2018

CHF million	Assets subject to legally enforceable netting agreements: Gross assets before balance sheet netting	Netting	Net assets after balance sheet netting	Assets not subject to master netting agreements or to legally enforceable master netting agreements	Total assets recognised on the balance sheet	Additional netting potential: Netting potential not reported on the balance sheet	Assets after recognition of the netting potential
Financial assets at fair value							
Financial assets at fair value through profit or loss (held for trading)							
Energy derivatives	7 920.7	–5 675.4	2 245.3	1 838.2	4 083.5	–831.8	3 251.7
Currency forward contracts	0.0	0.0	0.0	135.1	135.1	0.0	135.1
Derivatives designated as hedges							
Energy derivatives	113.7	–68.6	45.1	1.8	46.9	–1.7	45.2
Total	**8 034.4**	**–5 744.0**	**2 290.4**	**1 975.1**	**4 265.5**	**–833.5**	**3 432.0**

CHF million	Liabilities subject to legally enforceable netting agreements: Gross liabilities before balance sheet netting	Netting	Net liabilities after balance sheet netting	Liabilities not subject to master netting agreements or to legally enforceable master netting agreements	Total liabilities recognised on the balance sheet	Additional netting potential: Netting potential not reported on the balance sheet	Liabilities after recognition of the netting potential
Financial liabilities at fair value							
Financial liabilities at fair value through profit or loss (held for trading)							
Energy derivatives	7 773.0	–5 675.4	2 097.6	2 232.2	4 329.8	–831.8	3 498.0
Currency forward contracts	0.0	0.0	0.0	161.0	161.0	0.0	161.0
Other derivative financial instruments	0.0	0.0	0.0	0.2	0.2	0.0	0.2
Derivatives designated as hedges							
Energy derivatives	339.6	–68.6	271.0	19.1	290.1	–1.7	288.4
Other derivative financial instruments	0.0	0.0	0.0	0.6	0.6	0.0	0.6
Total	**8 112.6**	**–5 744.0**	**2 368.6**	**2 413.1**	**4 781.7**	**–833.5**	**3 948.2**

If a framework agreement with a netting clause exists for a counterparty and if there is an enforceable legal right to offset and the intention to settle net, the positive and negative replacement values which fall due simultaneously (in the same calendar month) are netted. No netting is applied between derivative financial instruments which are "held for trading" and derivative financial instruments which are designated as hedging instruments. However, in case of a default, replacement values which do not fall due simultaneously would also be nettable, as well as offsetting replacement values "held for trading" and hedging instruments (see table "Netting of positive and negative derivative financial instruments", column "Additional netting potential"). Additionally, trade receivables from customers who are simultaneously suppliers are offset against trade payables, provided a netting arrangement has been agreed and there exists an enforceable legal right to offset and the intention to settle net or to settle simultaneously. The offset receivables and payables included in revenues not yet invoiced and in operating expenses not yet invoiced amount to CHF 1,435.5 million (previous year: CHF 1,691.4 million; see Note 23 "Other receivables" and Note 29 "Other liabilities").

Liquidity risks

A large portion of receivables in European energy trading are offset (so-called netting) and settled at fixed dates. Advance margin payments are standard practice among large energy traders and at energy exchanges to reduce the counterparty risk. This may result in large cash outflows arising at short notice due to energy price movements. Axpo Solutions Group meets this potential need with cash and cash equivalents as well as through agreed credit lines. Axpo Group Treasury is responsible for ensuring Axpo Solutions Group's financing flexibility. This task includes the planning, monitoring, provision and optimisation of liquidity for the entire Group. Liquidity is ensured through cash flows from operating activities, credit lines, project financing and through the capital market.

Axpo Solutions Group has aggregated uncommitted credit lines totalling CHF 2,311.1 million (previous year: CHF 2,250.2 million) available from banks and financial institutions. Of this amount, as at 30 September 2019, CHF 1,606.0 million was used for loans and guarantees (previous year: CHF 1,325.7 million). There is also a credit line of CHF 1,584.7 million (previous year: CHF 1,881.6 million) from Axpo Holding AG, of which CHF 554.3 million was used (previous year: CHF 449.6 million) for loans at the balance sheet date. In the reporting period, all financial covenants relating to significant credit agreements were complied with.

Maturity analysis of financial liabilities and derivative financial instruments as at 30 September 2019

CHF million	Carrying amount	Cash flows	At sight	< 3 mths	3–12 mths	1– 5 years	> 5 years
Non-derivative financial liabilities measured at amortised cost							
Trade payables	589.1	589.1	0.0	585.3	3.6	0.2	0.0
Financial liabilities (current and non-current)	1 825.0	2 025.1	40.5	623.1	201.7	588.7	571.1
Other liabilities (current and non-current)	471.6	471.6	266.3	109.6	61.4	31.3	3.0
Operating expenses not yet invoiced	996.6	996.6	0.0	996.6	0.0	0.0	0.0
Total cash outflow		**4 082.4**	**306.8**[1]	**2 331.1**	**266.7**	**620.2**	**557.6**
Derivative financial instruments							
Net carrying amount of energy derivatives	115.4						
Gross cash inflow		33 795.1	8 929.2	3 777.7	9 446.8	10 942.5	698.9
Gross cash outflow		28 620.6	8 170.8	3 778.0	8 439.2	7 561.3	671.3
Net carrying amount of currency forward contracts	116.0						
Gross cash inflow		7 134.0	22.4	883.3	2 424.1	3 798.2	6.0
Gross cash outflow		7 032.1	17.1	884.6	2 419.2	3 705.4	5.8
Net carrying amount of other derivative financial instruments	–6.1						
Gross cash inflow		55.9	0.0	1.4	1.2	12.8	40.5
Gross cash outflow		62.0	0.0	2.2	2.7	17.2	39.9
Total net cash inflow (–) / outflow (+)		**–5 270.3**	**–763.7**	**2.4**	**–1 011.0**	**–3 469.6**	**–28.4**

1 Amounts at sight are mainly received credit support annexes. The cash inflows and outflows are not predictable and depend on market movements.

Maturity analysis of financial liabilities and derivative financial instruments as at 30 September 2018

CHF million	Carrying amount	Cash flows	At sight	< 3 mths	3–12 mths	1– 5 years	> 5 years
Non-derivative financial liabilities measured at amortised cost							
Trade payables[1]	553.7	553.7	0.0	553.3	1.2	–0.8	0.0
Financial liabilities (current and non-current)	1 318.3	1 334.3	0.0	629.9	28.9	439.7	235.8
Other liabilities (current and non-current)	674.0	674.0	498.1	87.2	52.3	34.3	2.1
Operating expenses not yet invoiced	1 138.6	1 138.6	0.0	1 138.6	0.0	0.0	0.0
Total cash outflow		**3 700.6**	**498.1**[2]	**2 409.0**	**82.4**	**473.2**	**237.9**
Derivative financial instruments							
Net carrying amount of energy derivatives	–489.5						
Gross cash inflow		27 324.3	10 294.0	3 438.5	5 764.0	7 209.0	618.8
Gross cash outflow		26 336.4	10 310.0	3 460.6	5 309.0	6 437.4	819.4
Net carrying amount of currency forward contracts	–25.9						
Gross cash inflow		8 407.3	12.1	1 051.5	3 047.6	4 296.1	0.0
Gross cash outflow		8 447.8	11.7	1 059.7	3 063.8	4 312.6	0.0
Net carrying amount of other derivative financial instruments	–0.8						
Gross cash inflow		13.4	0.0	0.0	0.0	13.4	0.0
Gross cash outflow		14.1	0.0	0.0	0.0	14.1	0.0
Total net cash inflow (–) / outflow (+)		**–946.7**	**15.6**	**30.3**	**–438.8**	**–754.4**	**200.6**

1 Negative amounts of trade payables result from received credit notes for which the time bucket does not correspond to the time bucket of the related trade payable.
2 Amounts at sight are mainly received credit support annexes. The cash inflows and outflows are not predictable and depend on market movements.

Cash flows are not discounted for the maturity analysis. In accordance with the applicable standard, the liquidity risk relates exclusively to financial liabilities. In order to show the effective liquidity risk arising from derivative financial instruments, the cash inflow/outflow in the above table relates to contracts with positive and negative replacement values.
However, Axpo Solutions Group enters into energy sales and purchase contracts, which are assigned to hedge or trading books in order to hedge energy production and long-term energy sales and purchase contracts assigned to own use books. As con-

tracts assigned to own use books are executory contracts, no cash flow is presented in the table above for these contracts, thus generating significant mismatches in the presentation of cash inflow and outflow. Moreover, in some cases, Axpo Solutions Group enters into stack and roll hedges to hedge long-term contracts. These hedges are assigned to trading books. Cash flows from these hedges are not presented in the same time period as cash flows from long-term contracts.

Net result from financial assets and liabilities

CHF million	Income statement 2018/19	Other comprehensive income 2018/19	Income statement 2017/18	Other comprehensive income 2017/18
Net profit/losses included in revenues from sales of energy				
On financial assets and liabilities at fair value through profit or loss (held for trading)	142.0	0.0	270.1	0.0
On derivatives designated as hedges	–279.2	118.2	–124.1	–445.0
Net profit/losses included in other operating income				
On financial assets and liabilities at fair value through profit or loss (held for trading)	152.8	0.0	28.9	0.0
Net profit/losses included in other operating expense				
At amortised cost/loans and receivables	–12.3	0.0	–15.6	0.0
Net profit/losses included in the financial result				
On financial assets and liabilities at fair value through profit or loss (held for trading)	0.2	0.0	0.2	0.0
On derivatives designated as hedges	0.0	–10.0	0.0	4.3
On financial assets and liabilities at fair value through profit or loss (mandatory)	–0.2	0.0	0.0	0.0
On available-for-sale financial assets	0.0	0.0	0.2	0.0
At amortised cost/loans and receivables	–16.3	0.0	–13.2	0.0
Interest income and expense				
Interest income from financial assets not accounted for at fair value through profit or loss	19.1	0.0	22.4	0.0
Interest expense from financial assets accounted for at fair value through profit or loss	–0.3	0.0	0.0	0.0
Interest expense from financial liabilities not accounted for at fair value through profit or loss	–32.8	0.0	–32.9	0.0
Currency effects on financial assets and liabilities				
Currency effects on financial assets and liabilities	–45.8	0.0	–18.2	0.0

Three-level hierarchy

The fair value of derivative financial instruments is dependent on the development of the underlying market factors. For the measurement of derivatives, prices from active markets, such as exchange prices, are used where possible. The relevant fair values are calculated and monitored at regular intervals. If there are no such prices available, fair value is determined using measurement methods accepted and customary in the markets. If available, observable market data are used as input factors. If no observable market data are available, company-specific valuation assumptions are applied. The fair value calculated for all derivative financial instruments is the price at which one party would take over the rights and/or obligations of another party.

Forward contracts and derivatives are measured based on the following general principles:

- Electricity, gas, oil, coal, certificates and currency forward contracts are measured at the balance sheet date based on forward prices. The prices used are prices noted at the respective exchanges or provided by various brokers. If no published prices are available, internal measurement models are used. In these cases fundamental prices based on internal demand-supply forecasts are applied. In order to account for the risks embedded in any transaction, risk adjustments are used, such as adjustments for credit risk (CVA and DVA), liquidity risk, cannibalisation effects of intermittent energy and others.
- Futures are not measured since, due to the exchange listing, they are offset daily via a margin account.

The following overview describes the key parameters used for the measurement of assets and liabilities at fair value. The individual levels are defined in accordance with IFRS 13 as follows:

Level 1
Financial assets/liabilities measured using quoted and market prices in active markets (without adjustments or change in composition).

Level 2
Financial assets/liabilities measured using observable market data that flow either directly or indirectly (i.e. derived from prices) into the valuation models.

Level 3
Financial assets/liabilities whose value is determined using valuation methods where significant input parameters are based on non-observable data, such as analyses of fundamental prices based on demand-supply forecasts. Generally, an increase in prices of these non-observable input data would increase (in case of a long buy) or decrease (in case of a short sell) the fair value of the level 3 financial instruments.

Three-level hierarchy as at 30 September 2019

CHF million	Level 1	Level 2	Level 3	Fair value[1]
Assets measured at fair value				
Financial assets at fair value through profit or loss (held for trading)				
Energy derivatives	22.4	3 533.1	355.0	3 910.5
Currency forward contracts	0.0	225.9	0.0	225.9
Derivatives designated as hedges				
Energy derivatives	0.0	17.9	0.0	17.9
Assets held for sale	0.0	34.7	0.0	34.7
Financial assets at fair value through profit or loss (mandatory)	0.0	1.9	0.0	1.9
Inventories	38.5	291.1	11.0	340.6
Total assets measured at fair value	**60.9**	**4 104.6**	**366.0**	**4 531.5**
Assets not measured at fair value				
Other financial assets (non-current)	0.0	300.1	0.0	300.1
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss (held for trading)				
Energy derivatives	62.2	3 513.6	196.6	3 772.4
Currency forward contracts	0.0	109.9	0.0	109.9
Derivatives designated as hedges				
Energy derivatives	0.0	40.6	0.0	40.6
Other derivative financial instruments	0.0	6.1	0.0	6.1
Total liabilities measured at fair value	**62.2**	**3 670.2**	**196.6**	**3 929.0**
Liabilities not measured at fair value				
Financial liabilities (non-current)	0.0	1 039.6	0.0	1 039.6

1 Gross values without considering the netting agreements.

Three-level hierarchy as at 30 September 2018

CHF million	Level 1	Level 2	Level 3	Fair value[1]
Assets measured at fair value				
Financial assets at fair value through profit or loss (held for trading)				
Energy derivatives	16.4	9 115.7	308.9	9 441.0
Currency forward contracts	0.0	135.1	0.0	135.1
Derivatives designated as hedges				
Energy derivatives	0.0	115.5	0.0	115.5
Available-for-sale financial assets	0.0	1.4	0.0	1.4
Assets held for sale	0.0	1.2	0.0	1.2
Inventories	253.6	357.5	0.0	611.1
Total assets measured at fair value	**270.0**	**9 726.4**	**308.9**	**10 305.3**
Assets not measured at fair value				
Other financial assets (non-current)	0.0	323.9	0.0	323.9
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss (held for trading)				
Energy derivatives	75.2	9 289.9	322.2	9 687.3
Currency forward contracts	0.0	161.0	0.0	161.0
Other derivative financial instruments	0.0	0.2	0.0	0.2
Derivatives designated as hedges				
Energy derivatives	0.0	358.7	0.0	358.7
Other derivative financial instruments	0.0	0.6	0.0	0.6
Total liabilities measured at fair value	**75.2**	**9 810.4**	**322.2**	**10 207.8**
Liabilities not measured at fair value				
Financial liabilities (non-current)	0.0	652.4	0.0	652.4

1 Gross values without considering the netting agreements.

The fair values of "Other financial assets (non-current)" and "Financial liabilities (non-current)" are equivalent to the net present value of the payments associated with these assets and liabilities, calculated using the interest rates which apply to the loans, or the current price of bonds issued without including the interest accrued.

Movements in level 3 instruments

CHF million	Assets	Liabilities	Total
Balance as at 30.9.2017	**187.3**	**–253.4**	**–66.1**
Currency translation effect on opening balance	–1.3	2.4	1.1
Purchases	12.5	–4.2	8.3
Profit or loss recognised in the income statement	163.9	–172.9	–9.0
Transfer to Level 3	0.7	–3.3	–2.6
Transfer out of Level 3	–52.5	110.3	57.8
Currency translation effect on movements	–1.7	–1.1	–2.8
Balance as at 30.9.2018	**308.9**	**–322.2**	**–13.3**
Currency translation effect on opening balance	–8.9	2.1	–6.8
Purchases	66.2	0.0	66.2
Sales	–1.3	0.0	–1.3
Profit or loss recognised in the income statement	33.3	–45.2	–11.9
Transfer out of Level 3	–30.4	166.3	135.9
Currency translation effect on movements	–1.8	2.4	0.6
Balance as at 30.9.2019	**366.0**	**–196.6**	**169.4**

The table shows the financial instruments whose fair value is measured using valuation models in which significant parameters are based on non-observable market data. On initial recognition, financial instruments of this type are accounted for at fair value using the valuation model on day one, although this value may deviate from the transaction price. Any material deviation from the transaction price is accrued as a day-one profit or loss. The transfer from level 3 to level 2 relates to financial instruments whose measurement is now based on observable market data, and the transfer from level 2 to level 3 relates to financial instruments whose measurement is no longer based on observable market data. There were no transfers between level 1 and 2 in the current financial year or the previous year.

A change in energy prices of +/– 10% would lead to a decrease or increase in the total fair value of level 3 energy derivates of CHF +65.9 million (previous year: CHF –2.9 million) or CHF –65.9 million (previous year: CHF 2.2 million), respectively. In order to hedge long-term contracts assigned to level 3, Axpo Solutions Group enters into hedges possibly classified as level 2. Thus, the sensitivity analysis of level 3 instruments does not include the offsetting effect from the hedging position.

Movements in day-one profits or losses

CHF million	Day-one loss	Day-one profit	Total
Balance as at 30.9.2017	**0.3**	**–88.5**	**–88.2**
Deferred profit/loss arising from new transactions	4.2	–12.5	–8.3
Profit or loss recognised in the income statement	–0.2	20.0	19.8
Currency translation effect	0.0	0.8	0.8
Balance as at 30.9.2018	**4.3**	**–80.2**	**–75.9**
Deferred profit/loss arising from new transactions	0.0	–52.5	–52.5
Profit or loss recognised in the income statement	–0.5	27.4	26.9
Currency translation effect	0.0	3.1	3.1
Balance as at 30.9.2019	**3.8**	**–102.2**	**–98.4**

The table shows the accrued day-one profits or losses not yet recognised in the income statement and a reconciliation of changes. The accrued day-one profits or losses are amortised linearly and are recognised in the result from energy trading, until the underlying market of the contract becomes liquid. They are also reclassified to the income statement when the transaction is settled.

Profits and losses on level 3 instruments including day-one profits or losses

CHF million	Net sales 2018/19	Net sales 2017/18
Total profit or loss for the financial year recognised in the income statement	15.0	10.8
Total profit or loss recognised in the income statement on financial instruments held at financial year-end	118.5	83.4

7 Changes in scope of consolidation

2018/19: Company formations, acquisitions and mergers

Under the agreement dated 30 April 2019 and with economic effect from 25 July 2019, Axpo Solutions Group acquired 100% of the shares and thus control over Urbasolar SAS with domicile in Montpellier, France, and its subsidiaries. The company is a leading photovoltaic project developer and operator in France. The acquisition serves as entry into the photovoltaic business. This makes Axpo Solutions Group an important market player in the development and construction of solar systems in Europe. The companies of the Urbasolar Group are assigned to the business area Assets.

Further acquisitions during the financial year relate to the purchase of the remaining 75% interest in Gold Energy – Comercializadora de Energía, S.A. with domicile in Vila Real, Portugal, as per 19 December 2018, resulting in 100% ownership of the company. Thus, the entity is no longer recognised according to the equity method but is fully consolidated. The company is assigned to the business area Trading & Sales.

Acquired assets and liabilities

A fair value evaluation was conducted for the identified assets and liabilities. At the acquisition date, the following values existed:

CHF million	Notes	Fair value of assets acquired
Property, plant and equipment	15	348.0
Intangible assets	16	169.8
Investment in associates		0.1
Deferred tax assets		14.6
Trade receivables		73.4
Other assets (current and non-current)		116.6
Financial liabilities (current and non-current)		–458.4
Provisions (current and non-current)		–20.3
Deferred tax liabilities		–44.8
Other liabilities (current and non-current)		–90.7
Total net identifiable assets and liabilities at fair value		**108.3**
Goodwill acquired	16	95.7
Acquired cash and cash equivalents		–52.5
Deferred acquisition price		–12.0
Total cash outflow		**139.5**

The acquired entities achieved a total income of approximately CHF 220 million during their last financial year. Transaction costs in the amount of CHF 2.8 million were recognised in the income statement.

8 Revenues from sales of energy

CHF million	2018/19	2017/18
Revenue from contracts with customers		
Net sales from energy business	3 088.7	2 950.5
Other net sales	181.6	125.0
Result from energy trading	142.0	270.1
Total	**3 412.3**	**3 345.6**

In addition to consolidated net sales, there are also energy sales under ceded energy procurement rights and sub-participations. Revenues from "quota transactions" are not included in the above total, since they are offset against any energy procurement also ceded. They amount to CHF 449.4 million (previous year: CHF 387.1 million; see Note 9 "Expenses for energy procurement and cost of goods purchased").

9 Expenses for energy procurement and cost of goods purchased

CHF million	2018/19	2017/18
Expenses for energy procurement from third parties and associates	–2 455.3	–2 453.9
Expenses for energy procurement from partner plants (Note 31)	–181.6	–177.4
Increase in provisions (excluding interest) for onerous energy procurement contracts (Note 28)	–3.9	–0.4
Reversal of provisions (excluding interest) for onerous energy procurement contracts (Note 28)	51.3	3.6
Total	**–2 589.5**	**–2 628.1**

Expenses for energy procurement from "quota transactions" are not included in the above total since they are offset against any revenues also ceded. They amount to CHF 449.4 million (previous year: CHF 387.1 million; see Note 8 "Revenues from sales of energy").

10 Personnel expenses

CHF million	2018/19	2017/18
Salaries and wages	–159.1	–133.1
Employee benefit expense for defined benefit plans (Note 30)	–6.9	–7.4
Employee benefit expense for defined contribution plans	–2.7	–2.4
Social security and other personnel expenses	–24.7	–21.9
Total	**–193.4**	**–164.8**
Number of employees at the balance sheet date:		
Full-time equivalents	1 278	940
Total	**1 278**	**940**

11 Other operating expenses

CHF million	2018/19	2017/18
IT expenses	–58.5	–51.7
Charges, fees and capital taxes	–14.4	–15.1
Loss allowances on receivables	–20.1	–15.6
Other operating expenses	–120.4	–119.6
Total	**–213.4**	**–202.0**

Other operating expenses mainly include fees for management services, consulting expenses and rental expenses.

12 Impairment losses, impairment reversals, depreciation, amortisation and provisions for onerous contracts

Allocation of impairment losses, impairment reversals and provisions

CHF million			2018/19	2017/18
Production Switzerland	Property, plant and equipment	Impairment reversals	52.6	0.0
Production abroad	Property, plant and equipment	Impairment losses	–0.2	0.0
		Impairment reversals	1.3	0.2
	Intangible assets	Impairment losses	–2.0	–0.1
Investments abroad	Other associates	Impairment losses	0.0	–3.2
		Impairment reversals	0.0	0.6
Assets held for sale abroad	Property, plant and equipment	Impairment losses	0.0	–1.0
Total impairment losses/reversals on assets			**51.7**	**–3.5**
	Property, plant and equipment	Depreciation	–42.2	–43.7
	Intangible assets	Amortisation	–45.1	–42.7
Total depreciation, amortisation and impairments			**–35.6**	**–89.9**
Provisions for onerous contracts (net)			**47.4**	**–3.2**

Goodwill is tested for impairment annually in the fourth quarter or any time if there is an indication of impairment. For property, plant and equipment, intangible assets (mainly rights for energy procurement and rights of use for concessions) and other associates, an impairment test is only conducted if there is an indication of impairment.
All impairment tests are based on a value-in-use calculation using a discounted cash flow (DCF) calculation. The evaluation of provisions for onerous energy procurement contracts is also based on a DCF calculation consistent with the value-in-use calculation.

Value-in-use calculation – property, plant and equipment, intangible assets and other associates
Value-in-use calculations are performed for each power plant, energy procurement right or other associate. The time horizon for the calculation extends over the concession period or the operating life of the asset. For the first three years, the value-in-use corresponds to the present value of cash flows based on the budget planning. From year four, the projected cash flows used for the determination of the value-in-use are based on various assumptions relating to market developments (see "Key assumptions").

Value-in-use calculation – partner plants and energy procurement contracts
Value-in-use calculations are performed for each partner plant or energy procurement contract. The time horizon for the calculation extends over the concession period or the term of the procurement contract and the operating life of the plant. The cash flows used for the value-in-use calculation are based on the budget planning for the first three years. From year four, the projected cash flows used are based on various assumptions (see "Key assumptions").

Value-in-use calculation – goodwill
The value-in-use corresponds to the present value of the budgeted cash flows for five years and a residual value without taking into account any growth rate. The projected cash flows used for the determination of the value-in-use are based on various assumptions (see "Key assumptions").

Key assumptions
The key assumptions are based on experience and management's estimate of market developments. The significant assumptions used for the determination of the value-in-use and the evaluation of the provisions include forecasts of future electricity and gas prices, assumptions regarding capital expenditures, the regulatory environment, growth rates, discount and exchange rates, and forecasts for the proportional annual expenses for energy procurement (only for power plants and energy procurement contracts).
Due to observable forward prices and higher electricity wholesale prices compared to previous assumptions, in the financial year 2018/19 net impairment reversals on power plants and energy procurement contracts amounted to CHF 99.1 million (previous year: CHF –6.7 million).

Discount rates
The discount rate is based on a Weighted Average Cost of Capital (WACC) calculated using the Capital Asset Pricing Model (CAPM). The parameters used were determined considering the risk profile of the respective cash-generating unit. For the value-in-use calculation and the evaluation of the provisions for onerous energy procurement contracts, different discount rates were used for each production type and country. For goodwill testing, a specific discount rate per subsidiary was applied.

in %	30.9.2019	30.9.2018
	After-tax real discount rate	After-tax real discount rate
Wind production, Italy	3.9	3.9
Wind production, France	3.3	3.2
Wind production, Germany	3.0	3.2
Hydraulic plants, Switzerland	4.1	4.1
Long-term procurement contracts, France	5.0	5.0
Goodwill Axpo Italia S.p.A.	4.8	4.8

Sensitivities

in %	30.9.2019	30.9.2018
	Break-even after-tax real discount rate	Break-even after-tax real discount rate
Axpo Italia S.p.A.	10.2	7.7

At a discount rate in the above amount, the recoverable amount would correspond to the carrying amount of the goodwill.

13 Financial result

CHF million	2018/19	2017/18
Interest income	19.5	28.9
Other financial income	4.3	1.1
Total financial income	**23.8**	**30.0**
Interest expense	–46.8	–47.9
Net exchange rate losses	–45.8	–18.3
Other financial expense	–19.5	–14.2
Total financial expense	**–112.1**	**–80.4**
Total	**–88.3**	**–50.4**

Realised and unrealised gains and losses from other financial instruments are reported net in line item "Other financial income" and "Other financial expense", respectively.
The interest expense of CHF 46.8 million (previous year: CHF 47.9 million) includes interest of CHF 13.7 million (previous year: CHF 15.0 million) on provisions for onerous energy procurement contracts and other provisions (see Note 28 "Provisions").

14 Income taxes

CHF million	2018/19	2017/18
Current income taxes	–14.9	–35.7
Deferred income taxes	49.6	–35.3
Total income taxes	**34.7**	**–71.0**
Current income taxes directly recognised in equity	0.0	–0.1
Deferred taxes recognised in other comprehensive income	–66.5	55.3
Total income taxes recognised in other comprehensive income	**–66.5**	**55.2**

Current income taxes consist of taxes paid or due on the results of the individual companies for the financial year in accordance with local regulations, as well as charges and credits from previous periods.

Reconciliation between expected tax expense and effective tax expense

The expected income tax of CHF –81.7 million (previous year: CHF –41.1 million) can be reconciled to the effective income tax of CHF 34.7 million (previous year: CHF –71.0 million) as follows:

CHF million	2018/19	2017/18
Earnings before tax (EBT)	439.0	220.8
Expected tax rate (ordinary tax rate at head office)	18.6%	18.6%
Income tax at expected tax rate	**–81.7**	**–41.1**
Non-tax-deductible expenses	–11.4	–19.1
Effect from previous periods	4.2	–5.3
Effect of tax rate changes	9.9	0.0
Effect of income not subject to tax or tax privileged	20.7	20.4
Unrecorded tax-loss carry forward	–1.7	–17.8
Utilisation of previously unrecorded carry forward of loss[1]	138.8	2.6
Impairment of previously recorded carry forward of loss	1.3	6.1
Earnings taxable at different tax rates	–13.5	–7.5
Reassessment of deferred tax assets	–32.4	–9.8
Other effects	0.5	0.5
Total income taxes (current and deferred)	**34.7**	**–71.0**

1 In the current financial year, Axpo Solutions Group benefited from a strong financial performance and impairment reversals and was thus able to use non-capitalised tax-losses carry forwards.

The ordinary tax rate at the head office comprises direct federal tax (8.5%) and cantonal and municipal taxes of the canton of Aargau (14.4%). The deductibility of both taxes from taxable income results in an effective ordinary tax rate for the head office of 18.6 % (previous year: 18.6 %).

Deferred taxes by origin of temporary differences

CHF million	Assets 30.9.2019	Liabilities 30.9.2019	Assets 30.9.2018	Liabilities 30.9.2018
Property, plant and equipment	66.2	42.1	84.4	28.5
Intangible assets	1.4	86.5	0.8	80.1
Investments	1.9	17.6	7.6	15.8
Derivative financial instruments (current and non-current)	0.7	36.3	0.0	72.7
Other assets (non-current)	0.0	1.1	0.0	1.6
Trade receivables	19.2	0.0	18.1	0.0
Other receivables (current)	11.4	5.0	18.1	11.3
Provisions (current and non-current)	2.7	123.5	2.2	162.6
Derivative financial instruments (current and non-current)	40.9	18.0	117.7	12.6
Other liabilities (non-current)	6.8	0.2	2.0	0.0
Other liabilities (current)	3.9	3.4	2.9	3.6
Tax-loss carry forwards capitalised	43.7	0.0	49.3	0.0
Deferred taxes, gross	**198.8**	**333.7**	**303.1**	**388.8**
Offsetting of assets and liabilities	–150.8	–150.8	–256.8	–256.8
Deferred taxes, net	**48.0**	**182.9**	**46.3**	**132.0**

In the previous year, as well as at 30 September 2019, there were no temporary differences associated with investments in subsidiaries, for which no deferred tax liabilities were recognised.

Reconciliation deferred taxes

CHF million	Assets 30.9.2019	Liabilities 30.9.2019	Assets 30.9.2018	Liabilities 30.9.2018
Opening balance	**46.3**	**132.0**	**51.6**	**159.3**
Change in consolidation scope	13.4	44.1	0.3	–1.4
Change in OCI	0.0	69.1	–0.2	–56.6
Change in income statement	–11.7	–61.3	2.4	37.7
Currency translation effect	–1.7	–2.7	–1.0	–0.2
Closing balance, gross	**46.3**	**181.2**	**53.1**	**138.8**
Offsetting of assets and liabilities	1.7	1.7	–6.8	–6.8
Closing balance, net	**48.0**	**182.9**	**46.3**	**132.0**

Tax-loss carry forwards for which no deferred tax assets are recognised, by term to expiry

CHF million	30.9.2019	30.9.2018
Expiring in the following year	1.5	2.1
Expiring within 2 to 5 years	648.9	1 384.8
Expiring in more than 5 years	407.9	464.3
Total	**1 058.3**	**1 851.2**

15 Property, plant and equipment

CHF million	Power plants	Land and buildings	Other property, plant and equipment	Assets under construction	Total
Acquisition cost					
Balance as at 30.9.2017	**1 584.9**	**27.0**	**23.5**	**39.4**	**1 674.8**
Additions (investments)	23.6	0.1	3.1	17.4	44.2
Disposals	–2.8	0.0	–0.7	–0.4	–3.9
Adjustments to acquisition costs IFRIC 1	0.8	0.0	0.0	0.0	0.8
Reclassification to assets held for sale	0.0	–17.6	0.0	0.0	–17.6
Reclassifications	48.7[1]	0.0	3.0	–6.0	45.7
Currency translation effect	–18.0	–0.3	–0.5	–0.7	–19.5
Balance as at 30.9.2018	**1 637.2**	**9.2**	**28.4**	**49.7**	**1 724.5**
Change in scope of consolidation	236.1	2.4	3.5	106.0	348.0
Additions (investments)	0.7	0.0	4.2	70.6	75.5
Disposals	–0.3	0.0	–1.7	–0.8	–2.8
Reclassifications	72.0	0.0	–0.5	–72.8	–1.3
Currency translation effect	–61.9	–0.3	–1.2	–3.5	–66.9
Balance as at 30.9.2019	**1 883.8**	**11.3**	**32.7**	**149.2**	**2 077.0**
Accumulated depreciation					
Balance as at 30.9.2017	**–1 070.9**	**–18.1**	**–8.1**	**–36.5**	**–1 133.6**
Depreciation in the reporting period	–40.3	–0.4	–3.0	0.0	–43.7
Impairment reversals	0.0	0.2	0.0	0.0	0.2
Disposals	2.7	0.0	0.6	0.0	3.3
Reclassification to assets held for sale	0.0	15.4	0.0	0.0	15.4
Currency translation effect	11.5	0.0	0.1	0.5	12.1
Balance as at 30.9.2018	**–1 097.0**	**–2.9**	**–10.4**	**–36.0**	**–1 146.3**
Depreciation in the reporting period	–39.5	–0.2	–2.5	0.0	–42.2
Impairment losses	–0.2	0.0	0.0	0.0	–0.2
Impairment reversals	53.9	0.0	0.0	0.0	53.9
Disposals	0.3	0.0	0.2	0.0	0.5
Currency translation effect	37.3	0.1	0.6	1.7	39.7
Balance as at 30.9.2019	**–1 045.2**	**–3.0**	**–12.1**	**–34.3**	**–1 094.6**
Carrying amount as at 1.10.2017	514.0	8.9	15.4	2.9	541.2
Carrying amount as at 30.9.2018	**540.2**	**6.3**	**18.0**	**13.7**	**578.2**
Carrying amount as at 1.10.2018	540.2	6.3	18.0	13.7	578.2
Carrying amount as at 30.9.2019	**838.6**	**8.3**	**20.6**	**114.9**	**982.4**

1 The reclassification in the previous year related to built wind farms of the Volkswind Portfolio which were previously accounted for as work in progress in inventories.

16 Intangible assets

CHF million	Energy procurement rights, rights of use for facilities and concessions	Goodwill	Other	Total
Acquisition cost				
Balance as at 30.9.2017	**378.5**	**83.7**	**95.1**	**557.3**
Additions (investments)	0.0	0.0	6.9	6.9
Disposals	–18.3	0.0	–0.2	–18.5
Reclassifications	0.0	0.0	2.1	2.1
Currency translation effect	–4.1	–1.3	–1.1	–6.5
Balance as at 30.9.2018	**356.1**	**82.4**	**102.8**	**541.3**
Change in scope of consolidation	59.9	95.7	109.9	265.5
Additions (investments)	0.0	0.0	14.1	14.1
Disposals	–17.1	0.0	0.0	–17.1
Currency translation effect	–14.5	–4.6	–4.8	–23.9
Balance as at 30.9.2019	**384.4**	**173.5**	**222.0**	**779.9**
Accumulated amortisation				
Balance as at 30.9.2017	**–82.5**	**–5.7**	**–87.8**	**–176.0**
Amortisation in reporting period	–39.1	0.0	–3.6	–42.7
Impairment losses	0.0	0.0	–0.1	–0.1
Disposals	18.2	0.0	0.1	18.3
Currency translation effect	1.6	0.4	0.8	2.8
Balance as at 30.9.2018	**–101.8**	**–5.3**	**–90.6**	**–197.7**
Amortisation in reporting period	–37.7	0.0	–7.4	–45.1
Impairment losses	–2.0	0.0	0.0	–2.0
Disposals	17.1	0.0	0.0	17.1
Currency translation effect	4.8	0.2	2.5	7.5
Balance as at 30.9.2019	**–119.6**	**–5.1**	**–95.5**	**–220.2**
Carrying amount as at 1.10.2017	296.0	78.0	7.3	381.3
Carrying amount as at 30.9.2018	**254.3**	**77.1**	**12.2**	**343.6**
Carrying amount as at 1.10.2018	254.3	77.1	12.2	343.6
Carrying amount as at 30.9.2019	**264.8**	**168.4**	**126.5**	**559.7**

Goodwill

As at 30 September 2019, the carrying amount of the goodwill presented in the table above is attributable to Axpo Italia S.p.A. and the Urbasolar Group in the of amount of CHF 73.9 million (previous year: CHF 77.1 million) and CHF 94.5 million (previous year: CHF 0.0 million), respectively.

17 Investments in partner plants and other associates

CHF million	Partner plants	Other associates	Total
Carrying amount as at 30.9.2018	**191.4**	**159.4**	**350.8**
Change in scope of consolidation	0.0	4.8	4.8
Additions	0.0	12.9	12.9
Reclassification to “assets held for sale”	0.0	–25.0	–25.0
Reclassification negative/(positive) investment value	0.0	16.7	16.7
Dividend	–4.8	–6.4	–11.2
Share of result	4.9	–15.6	–10.7
Cash flow hedges (other comprehensive income)	0.0	–10.3	–10.3
Currency translation differences (other comprehensive income)	0.0	–1.3	–1.3
Remeasurement defined benefit plans (other comprehensive income)	–4.3	–2.3	–6.6
Deferred tax (other comprehensive income)	0.8	1.8	2.6
Foreign currency translation	0.0	–2.3	–2.3
Carrying amount as at 30.9.2019	**188.0**	**132.4**	**320.4**

Partner plants
Shareholders in partner plants have obliged themselves reciprocally within the scope of the partnership agreements to purchase the pro-rata output of energy produced and to pay the pro-rata annual costs (including interest and repayment of loans) during the term of the concession. The partnership agreements run for the useful life of the power plant or for the duration of the concession and cannot be terminated. A list of partner plants can be found in Note 35 “Investments”.
The proportional annual costs for Axpo Solutions Group amount to CHF 181.6 million (previous year: CHF 177.4 million). These costs are included in expenses for energy procurement and cost of goods purchased (see Note 9 “Expenses for energy procurement and cost of goods purchased”). Details of the equity-accounted partner plants are given in the annual reports of the individual partner plants.
Owners of nuclear power plants have a proportional obligation to make additional contributions to the Decommissioning and Waste Disposal Fund in the event that one of the primary obligated parties is unable to meet its payment obligations.

Other associates
Axpo Solutions Group holds material investments in Società EniPower Ferrara S.r.l. and Global Tech I Offshore Wind GmbH. A list of other associates is included in Note 35 “Investments”.
The “Reclassification negative/positive investment value” of CHF 16.7 million relates to the investments in Global Tech I Offshore GmbH (CHF 22.0 million) and Società EniPower Ferrara S.r.l. (CHF –5.3 million). The application of the equity method led to negative and positive carrying amounts respectively as at 30 September 2019, which were reclassified as loss allowances and released loss allowances on the loans granted to the two associates (see Note 19 “Other financial assets”). The loans form part of the net investments in the two associates.
In the reporting period, new wind farms, which were, due to their project status, previously included in the scope of consolidation as other associates, became operational and are therefore treated as fully consolidated subsidiaries. The disposal of the negative equity is presented in the line item “Change in scope of consolidation”. Additionally, the majority in an associated company was acquired. The disposal of this associate is also presented in the line item “Change in scope of consolidation”.
The additions to “Other associates” can be mainly attributed to a capital increase which was carried out at the Trans Adriatic Pipeline AG in the amount of CHF 12.1 million (proportionately).

The tables below summarise the financial information of the material investments in other associates mentioned before, as included in their own financial statements and adjusted to comply with IFRS.

Financial information of material other associates

CHF million	Gross value 30.9.2019		Gross value 30.9.2018	
	Global Tech I Offshore Wind GmbH	Società EniPower Ferrara S.r.l.	Global Tech I Offshore Wind GmbH	Società EniPower Ferrara S.r.l.
Balance sheet				
Other assets (non-current)	825.6	304.1	1 066.3	338.6
Cash and cash equivalents and financial receivables (current)	111.4	33.0	141.4	32.3
Other receivables (current)	76.2	0.0	34.5	0.0
Total assets	**1 013.2**	**337.1**	**1 242.2**	**370.9**
Financial liabilities (non-current)	1 246.2	118.1	1 396.7	154.0
Provisions (non-current)	29.3	0.0	29.9	0.0
Financial liabilities (current)	0.0	0.0	91.6	0.0
Provisions (current)	76.4	0.0	82.5	0.0
Other liabilities (current)	96.9	0.6	4.0	0.0
Equity	−435.6	218.4	−362.5	216.9
Total equity and liabilities	**1 013.2**	**337.1**	**1 242.2**	**370.9**
Share (in %)	24.10%	49.00%	24.10%	49.00%
Accumulated impairments	0.0	−107.0	0.0	−106.3
Negative equity value adjustment	105.0	0.0	87.4	0.0
Carrying amount of the investment	**0.0**	**0.0**	**0.0**	**0.0**

CHF million	Gross value 2018/19		Gross value 2017/18	
	Global Tech I Offshore Wind GmbH	Società EniPower Ferrara S.r.l.	Global Tech I Offshore Wind GmbH	Società EniPower Ferrara S.r.l.
Income statement				
Income	336.9	123.7	339.9	129.8
Expenses	−432.0	−112.8	−494.7	−114.8
Result	−95.1	10.9	−154.8	15.0
Statement of comprehensive income				
Other comprehensive income	3.9	0.0	12.6	0.0
Total comprehensive income	−91.2	10.9	−142.2	15.0
Share (in %)	24.10%	49.00%	24.10%	49.00%
Share of result	−22.9	5.3	−37.3	7.3
Share of other comprehensive income	0.9	0.0	3.0	0.0
Share of total comprehensive income	−22.0	5.3	−34.3	7.3

Axpo Solutions Group sells the energy produced by Società EniPower Ferrara S.r.l. in proportion to its participation share by means of a tolling contract, thus bearing the energy price risk. Therefore, Società EniPower Ferrara S.r.l. as the energy generator is not affected by the persistently low clean spark spread on the European energy market; the respective losses are borne by Axpo Solutions Group. For this reason, the impairment losses/reversals of the Società EniPower Ferrara S.r.l. investment are booked by Axpo Solutions Group at shareholder level and are included in impairment losses/reversals.
Global Tech I Offshore GmbH, on the other hand, bears price risks, volume risks and other risks itself. For this reason, the impairment losses/reversals of the Global Tech I Offshore GmbH investment are booked at entity level by Global Tech I Offshore GmbH itself and are therefore included in the share of loss/gain.

The table below shows the aggregated financial information for the other, individually immaterial investments in partner plants and other associates (proportional):

Financial information for individually immaterial partner plants and other associates 2018/19

CHF million	Individually disclosed investments aggregated[1]	Partner plants	Other associates	Total
Carrying amount of the investments	0.0	188.0	132.4	320.4
Balance sheet				
Financial receivables (non-current)	0.0	7.1	18.9	26.0
Other assets (non-current)	348.0	703.4	504.0	1 555.4
Cash and cash equivalents and financial receivables (current)	43.0	36.9	33.4	113.3
Other receivables (current)	18.4	26.0	24.9	69.3
Total assets	**409.4**	**773.4**	**581.2**	**1 764.0**
Financial liabilities (non-current)	358.2	314.9	336.2	1 009.3
Provisions (non-current)	7.1	177.0	11.0	195.1
Other liabilities (non-current)	0.0	9.8	28.8	38.6
Financial liabilities (current)	0.0	32.3	46.7	79.0
Provisions (current)	18.4	2.8	5.6	26.8
Other liabilities (current)	23.6	48.8	23.7	96.1
Equity	2.1	187.8	129.2	319.1
Total equity and liabilities	**409.4**	**773.4**	**581.2**	**1 764.0**
Income statement				
Income	141.8	199.6	76.2	417.6
Expenses	–159.4	–194.7	–74.2	–428.3
Result	**–17.6**	**4.9**	**2.0**	**–10.7**
Statement of comprehensive income				
Other comprehensive income	0.9	–3.5	–13.0	–15.6
Total comprehensive income	–16.7	1.4	–11.0	–26.3

1 The individually disclosed investments aggregated include the values of Società EniPower Ferrara S.r.l. and Global Tech I Offshore Wind GmbH, proportionately to the Group's share.

Financial information for individually immaterial partner plants and other associates 2017/18

CHF million	Individually disclosed investments aggregated[1]	Partner plants	Other associates	Total
Carrying amount of the investments	0.0	191.4	159.4	350.8
Balance sheet				
Financial receivables (non-current)	0.0	8.3	20.5	28.8
Other assets (non-current)	422.9	736.6	533.7	1 693.2
Cash and cash equivalents and financial receivables (current)	49.9	22.3	35.8	108.0
Other receivables (current)	8.3	29.8	38.1	76.2
Total assets	**481.1**	**797.0**	**628.1**	**1 906.2**
Financial liabilities (non-current)	412.1	344.1	369.3	1 125.5
Provisions (non-current)	7.2	177.0	13.4	197.6
Other liabilities (non-current)	0.0	3.9	25.1	29.0
Financial liabilities (current)	22.1	38.0	28.3	88.4
Provisions (current)	19.9	4.1	2.7	26.7
Other liabilities (current)	1.0	38.6	44.5	84.1
Equity	18.8	191.3	144.8	354.9
Total equity and liabilities	**481.1**	**797.0**	**628.1**	**1 906.2**
Income statement				
Income	145.5	212.4	112.4	470.3
Expenses	–175.5	–207.3	–107.6	–490.4
Result	**–30.0**	**5.1**	**4.8**	**–20.1**
Statement of comprehensive income				
Other comprehensive income	3.0	2.8	2.1	7.9
Total comprehensive income	–27.0	7.9	6.9	–12.2

1 The individually disclosed investments aggregated include the values of Società EniPower Ferrara S.r.l. and Global Tech I Offshore Wind GmbH, proportionately to the Group's share.

18 Subsidiaries with material non-controlling interests

A list of subsidiaries can be found in Note 35 "Investments". Axpo Solutions Group holds Calenia Energia S.p.A., which has material non-controlling interests. The table below summarises the financial information of this subsidiary. The information represents amounts as included in the subsidiary's financial statements before any intercompany eliminations.

CHF million	2018/19	2017/18
	Calenia Energia S.p.A.	Calenia Energia S.p.A.
Non-controlling interests (in %)	15.00%	15.00%
Balance sheet		
Non-current assets	251.5	290.2
Current assets	66.1	84.0
Non-current liabilities	103.0	129.7
thereof non-current financial liabilities	87.3	109.8
Current liabilities	47.8	85.5
thereof current financial liabilities	11.9	18.7
Equity	166.8	159.0
Equity attributable to Axpo Solutions Group shareholders	141.8	135.1
Equity attributable to non-controlling interests	25.0	23.9
Income statement		
Total income	95.5	66.7
Operating expenses	–54.3	–54.0
Depreciation, amortisation and impairments	–19.1	–19.8
Financial result	–1.3	–1.5
Income tax expense	–5.8	2.6
Result for the period	**15.0**	**–6.0**
Result for the period attributable to Axpo Solutions Group shareholders	12.8	–5.1
Result for the period attributable to non-controlling interests	2.2	–0.9
Statement of comprehensive income		
Total comprehensive income	7.8	–7.9
Total comprehensive income attributable to Axpo Solutions Group shareholders	6.6	–6.7
Total comprehensive income attributable to non-controlling interests	1.2	–1.2
Dividends paid to non-controlling interests	0.0	0.0
Cash flow statement		
Cash flow from operating activities	30.5	16.2
Cash flow from investing activities	–0.4	–0.6
Cash flow from financing activities	–26.3	–5.3
Currency translation effect	–0.8	–0.4
Change in cash and cash equivalents	**3.0**	**9.9**

19 Other financial assets

CHF million	30.9.2019	30.9.2018
Non-current financial assets at fair value through profit or loss	0.6	0.0
Non-current time deposits	2.9	0.0
Loans	422.4	448.1
Loss allowances	–126.4	–111.9
Total	**299.5**	**336.2**

The prior owners were compensated for the transfer of their transmission systems to Swissgrid AG based on the provisional transfer values. Seventy percent of the compensation paid in 2013 took the form of loans to Swissgrid AG (see also Note 5 “Estimation uncertainties and significant judgements in the application of accounting policies”, section “Transmission systems”). The loans include a unilateral conversion right on the part of Swissgrid AG to convert said loans into Swissgrid AG shares if certain conditions arise. In the reporting period, a partial early repayment of the loan in the amount of CHF 14.3 million was made.

Impairment on loans
The increase in the loss allowances on loans relates to the reclassification of the negative carrying amount of the investment in Global Tech I Offshore Wind GmbH of CHF 22.0 million (see Note 17 “Investments in partner plants and other associates”) and the first-time adoption of IFRS 9, which requires the recognition of a risk reserve on all loan receivables (see Note 6 “Financial risk management”, “Development of the credit quality of loans and investments for the 2018/19 reporting year”).

Non-current loan receivables (carrying amount > CHF 10 million) outstanding at the balance sheet date

CHF million	Maturity date	Interest rate % 30.9.2019	Carrying amount 30.9.2019	Carrying amount 30.9.2018
Global Tech I Offshore Wind GmbH	31.12.2030	6.0% or 10.0%	0.0	28.2
Società EniPower Ferrara S.r.l.	20.06.2023	0.93% [1]	44.3	54.0
Swissgrid AG	03.01.2022	3.93%	42.7	42.7
Terravent AG	31.03.2042	0.75%	19.3	19.9
Trans Adriatic Pipeline AG	12.02.2038	1.75% [2]	0.0	138.5
Trans Adriatic Pipeline AG	28.03.2035	1.41% [3]	113.2	0.0
Trans Adriatic Pipeline AG	28.03.2035	1.36% [4]	31.0	0.0
Trans Adriatic Pipeline AG	28.03.2035	1.75% [5]	22.0	0.0
Total			**272.5**	**283.3**

1 Variable interest rate linked to positive or negative 6-month EURIBOR plus 1.2%.
2 Variable interest rate linked to 12-month euro interest rate for cross-border shareholder loans.
3 Variable interest rate linked to positive or negative 3-month EURIBOR plus 1.75%.
4 Variable interest rate linked to positive or negative 3-month EURIBOR plus 1.70%.
5 Variable interest rate linked to positive 3-month EURIBOR plus 1.75%.

20 Assets held for sale

CHF million	30.9.2019	30.9.2018
Property, plant and equipment	0.0	1.2
Investments in partner plants and other associates	25.0	0.0
Other financial assets	9.7	0.0
Disposed net assets	**34.7**	**1.2**

The investments are assigned to the business area Assets.

21 Inventories

CHF million	30.9.2019	30.9.2018
Work in progress	20.8	65.8
Inventories held for own use	11.1	4.2
Gas inventories held for trading	256.3	279.8
Certificates held for trading	84.3	331.3
Total	**372.5**	**681.1**

Wind farms from the Volkswind Group portfolio, which are developed with the intention of selling them, are presented as "Work in progress" in inventories.
Certificates and gas inventories allocated to the customer solution business are principally acquired for resale in the near term with a view to generating a profit from fluctuations in the price or dealer's margin. These are measured at fair value less costs to sell.
Inventories held in relation with own energy production and the retail business include materials, certificates and inventories of other energy sources and are measured at the lower of cost or net realisable value.

22 Financial receivables (current)

CHF million	30.9.2019	30.9.2018
Available-for-sale financial assets	0.0	1.4
Current financial investments at fair value through profit or loss	1.3	0.0
Financial receivables	1 211.3	1 404.5
Loss allowances	–1.0	–0.4
Total	**1 211.6**	**1 405.5**
thereof cash pool with Axpo Holding AG	1 136.5	1 306.2

23 Other receivables (current and non-current)

CHF million	30.9.2019	30.9.2018
Receivables from pension plans	4.5	4.3
Other (financial instruments)	48.7	60.0
Other (non-financial instruments)	61.3	64.0
Loss allowances (financial instruments)	–33.9	–38.0
Total non-current other receivables	**80.6**	**90.3**
Advance payments to suppliers (non-financial instruments)	34.4	38.3
Revenues not yet invoiced	951.5	1 070.1
Other (financial instruments)	551.5	624.1
Other (non-financial instruments)	135.0	97.0
Loss allowances (financial instruments)	–0.5	0.0
Loss allowances (non-financial instruments)	–0.1	0.0
Total current other receivables	**1 671.8**	**1 829.5**
Total	**1 752.4**	**1 919.8**

"Revenues not yet invoiced" relate to energy supplied in the traditional energy business and in energy trading. Trade receivables from customers who are simultaneously suppliers are offset against trade payables, provided a netting arrangement has been agreed. The offset receivables and payables included in "Revenues not yet invoiced" and in "Operating expenses not yet invoiced" amount to CHF 1,435.5 million (previous year: CHF 1,691.4 million; see Note 29 "Other liabilities (current)").
The line item "Other (financial instruments)" in "Current other receivables" mainly contains credit support annexes delivered. The credit support annexes received are reported in Note 29 "Other liabilities (current)" (see also Note 6 "Financial risk management").

24 Cash and cash equivalents

CHF million	30.9.2019	30.9.2018
Petty cash and cash at banks	525.2	411.1
Total	**525.2**	**411.1**

At the end of the reporting period, cash and cash equivalents held in euros, Polish zloty, US dollars and Swedish krona amounted to CHF 275.8 million (previous year: CHF 191.7 million), CHF 81.0 million (previous year: 7.3 CHF million), CHF 49.0 million (previous year: CHF 83.5 million) and CHF 28.0 million (previous year: CHF 95.6 million), respectively.
Further, Axpo Solutions Group has cash in the cash pool with Axpo Holding AG in the amount of CHF 1,136.5 million (previous year: CHF 1,306.2 million, see Note 22 "Financial receivables (current)").

25 Equity

Share capital
The share capital of CHF 1,567.0 million consists of 31,340,000 fully paid-in bearer shares issued with a nominal value of CHF 50.00 per share.

Retained earnings
The retained earnings consist of legal and statutory reserves, undistributable profits of previous years, emission duty for paid-in capital and accumulated remeasurements on pension liabilities. The calculation of the maximum distributable part of the retained earnings is based on the statutory financial statements of Axpo Solutions AG.

Own shares
Axpo Solutions AG and its subsidiaries do not hold any own shares.

Other reserves

CHF million	Reserves from hedge accounting	Unrealised gains or losses	Foreign currency translation reserve	Total
Balance as at 30.9.2017	**–197.1**	**–0.1**	**–336.4**	**–533.6**
Foreign currency translation	0.0		–9.6	–9.6
Cash flow hedges				
Fair value adjustments	–441.0			–441.0
Gains (–) / losses (+) transferred to the income statement	124.1			124.1
Deferred tax / income tax thereon	59.4	0.0		59.4
Total comprehensive income, net of tax	**–257.5**	**0.0**	**–9.6**	**–267.1**
Balance as at 30.9.2018	**–454.6**	**–0.1**	**–346.0**	**–800.7**
Effect of first-time adoption of IFRS 9		0.1		0.1
Balance as at 1.10.2018 restated	**–454.6**	**0.0**	**–346.0**	**–800.6**
Foreign currency translation	0.0		–47.4	–47.4
Cash flow hedges				
Fair value adjustments	108.4			108.4
Gains (–) / losses (+) transferred to the income statement	279.2			279.2
Deferred tax / income tax thereon	–72.7	0.0		–72.7
Total comprehensive income, net of tax	**314.9**	**0.0**	**–47.4**	**267.5**
Non-controlling interests acquired			0.5	0.5
Change in scope of consolidation	–3.2			–3.2
Balance as at 30.9.2019	**–142.9**	**0.0**	**–392.9**	**–535.8**

Reserves from hedge accounting

The reserves from hedge accounting include the effective portion of the cumulative net change in fair value of derivatives designated as cash flow hedging instruments (cash flow hedge), for which the hedged item has not yet been realised in the profit or loss account and thus their realisation has not yet been recycled to profit or loss.

Unrealised gains or losses

The changes in fair value on available-for-sale investments are recognised in unrealised gains or losses until their realisation or until an impairment booking is necessary.

Foreign currency translation reserve

The foreign currency translation reserve contains the currency differences resulting from the translation of financial statements in foreign currencies from subsidiaries and associates.

26 Financial liabilities (current and non-current)

CHF million	Bonds	Loans	Other financial liabilities	Total
Balance as at 30.9.2017	**470.2**	**154.6**	**329.5**	**954.3**
Cash relevant				
Increase	0.0	41.7	1 337.9	1 379.6
Repayment	0.0	–14.0	–990.9	–1 004.9
Not cash relevant				
Reclassifications	0.0	17.3	–17.3	0.0
Currency translation effect	–5.3	–2.3	–3.1	–10.7
Balance as at 30.9.2018	**464.9**	**197.3**	**656.1**	**1 318.3**
Cash relevant				
Increase	0.0	284.1	314.6	598.7
Repayment	0.0	–211.5	–291.5	–503.0
Not cash relevant				
Change in scope of consolidation	8.9	403.7	28.6	441.2
Reclassifications[1]	0.0	561.0	–553.8	7.2
Currency translation effect	–17.5	–14.3	–5.6	–37.4
Balance as at 30.9.2019	**456.3**	**1 220.3**	**148.4**	**1 825.0**
Maturities as at 30.9.2018				
Due within 1 year	0.0	0.0	656.1	656.1
Due within 1 to 5 years	239.3	133.9	0.0	373.2
Due in more than 5 years	225.6	63.4	0.0	289.0
Total	**464.9**	**197.3**	**656.1**	**1 318.3**
Maturities as at 30.9.2019				
Due within 1 year	59.7	607.4	148.4	815.5
Due within 1 to 5 years	178.7	117.0	0.0	295.7
Due in more than 5 years	217.9	495.9	0.0	713.8
Total	**456.3**	**1 220.3**	**148.4**	**1 825.0**

1 In the previous year, current bonds and current loan liabilities were presented as other current financial liabilities. In the reporting period, current bonds and current loan liabilities were reported separately and thus reclassified to the corresponding column.

Current financial liabilities include the financing of the wind farms built for sale, which are presented as work in progress in inventories. The position further contains a short-term loan from Axpo Holding AG in the amount of CHF 554.3 million with an interest rate of 0.65% (previous year: CHF 449.6 million; 0.6%) as well as current account liabilities.

Current and non-current loans (carrying amount > CHF 10 million) outstanding at the balance sheet date

CHF million	Maturity date	Interest rate % 30.9.2019	Carrying amount 30.9.2019	Carrying amount 30.9.2018
Axpo Holding AG	07.10.2019	0.65%	554.3	449.6
CA Unifergie	08.06.2036	1.40%	42.0	0.0
Commerzbank	30.09.2033	2.20%	18.3	0.0
Graubündner Kantonalbank	02.08.2022	2.42%	20.0	20.0
Hera S.p.A.	30.05.2025	1.20%	13.1	16.5
Natrixis Energego	01.07.2041	1.35%	17.7	0.0
Norddeutsche Landesbank	30.12.2031	1.45%	17.0	20.1
Norddeutsche Landesbank	30.06.2033	2.80%	11.6	13.6
Norddeutsche Landesbank	30.09.2032	2.20%	12.6	14.2
Norddeutsche Landesbank	30.12.2033	2.15%	14.6	0.0
Norddeutsche Landesbank	30.09.2033	2.10%	29.7	0.0
Banking Syndicate 1	15.08.2038	1.64% to 1.95%	17.5	0.0
Banking Syndicate 2	31.03.2037	1.40%	25.7	0.0
Banking Syndicate 3	31.03.2037	1.95%	11.8	0.0
Banking Syndicate 4	31.12.2041	1.00% to 2.36%	102.9	0.0
Banking Syndicate 5	02.02.2034	1.40%	15.8	0.0
Banking Syndicate 6	30.11.2032	1.40%	10.3	0.0
Banking Syndicate 7	30.06.2036	1.64%	12.2	0.0
PAX, Schweizerischen Lebensversicherungsgesellschaft AG	13.08.2020	2.25%	20.0	20.0
Total			**967.1**	**554.0**

In addition to the above-listed loans from Norddeutscher Landesbank and Commerzbank, there are other financial liabilities outstanding related to wind farms. At the balance sheet date, they amount to CHF 80.0 million (previous year: CHF 83.2 million), with interest rates ranging from 0.00% to 5.65% (previous year: 0.00% to 5.65%). These loans will be repaid in tranches until 2033 at the latest. Further, there are financial liabilities, additionally to the above-listed loans from different banking syndicates, in relation to the photovoltaic systems of Urbasolar Group with a carrying amount of CHF 140.0 million and interest rates ranging from 1.79% to 5.51% as at 30 September 2019. These loans will be repaid in tranches until 2041 at the latest.

Bonds outstanding at the balance sheet date

CHF million	Maturity date	Interest rate % 30.9.2019	Carrying amount 30.9.2019	Carrying amount 30.9.2018
Albula-Landwasser Kraftwerke AG	13.08.2025	2.63%	20.0	20.0
Albula-Landwasser Kraftwerke AG	16.08.2030	2.68%	20.0	20.0
Axpo International S.A.	04.03.2026	2.00%	4.3	4.5
Axpo International S.A.	04.03.2028	2.38%	10.8	11.3
Axpo International S.A.	04.03.2036	3.00%	162.8	169.7
Axpo International S.A.	19.05.2020	1.10%	43.4	45.3
Axpo International S.A.	19.05.2020	1.11%	16.3	17.0
Axpo International S.A.	19.05.2021	1.38%	27.1	28.3
Axpo International S.A.	19.05.2021	0.38%	81.4	84.9
Axpo International S.A.	19.05.2022	1.61%	27.1	28.3
Axpo International S.A.	19.05.2022	0.72%	34.2	35.6
Urbasolar SA	30.06.2024	6.00%	8.9	0.0
Total			**456.3**	**464.9**

All bonds listed above are from private placements.

27 Other liabilities (non-current)

CHF million	30.9.2019	30.9.2018
Employee benefit liability (Note 30)	30.1	2.0
Other (financial instruments)	24.5	35.3
Other (non-financial instruments)	88.9	82.4
Total	**143.5**	**119.7**
Maturities at the end of the financial year:		
Due within 1 to 5 years	84.0	82.0
Due in more than 5 years	59.5	37.7
Total	**143.5**	**119.7**

Other non-current liabilities mainly relate to day-one profits resulting from long-term contracts whose valuation is partly based on non-observable input data (see Note 6 "Financial risk management").
In addition, other non-current liabilities include the sale of electricity procurement rights. Payments received are recognised as a liability and are subsequently reclassified to the income statement over the lifetime of the rights.

28 Provisions

CHF million	Onerous energy procurement contracts	Other provisions[1]	Total
Balance as at 30.9.2018	**377.6**	**98.3**	**475.9**
Change in accounting principle	0.0	0.5	0.5
Balance as at 1.10.2018 restated	**377.6**	**98.8**	**476.4**
Change in scope of consolidation	0.0	17.2	17.2
Increase in provisions	3.9	19.3	23.2
Interest	13.5	0.2	13.7
Reversal of provisions	–51.3	–35.7	–87.0
Usage of provisions	–76.1	–5.2	–81.3
Currency translation effect	0.0	–2.0	–2.0
Balance as at 30.9.2019	**267.6**	**92.6**	**360.2**
Current portion of provisions	55.6	8.9	64.5
Non-current portion of provisions	212.0	83.7	295.7
Total	**267.6**	**92.6**	**360.2**
Due within 1 year	55.6	8.9	64.5
Due within 1 to 5 years	117.7	28.7	146.4
Due in more than 5 years	94.3	55.0	149.3
Total	**267.6**	**92.6**	**360.2**

1 The "Increase in provision" contains an amount of CHF 1.1 million not recognised in profit or loss which is related to the allocation of the acquisition costs for a wind park in France. IFRIC 1 was applied to reverse the provision. CHF 1.1 million was capitalised under Note 21 "Inventories".

Provisions for onerous energy procurement contracts

The provisions for "Onerous energy procurement contracts" in the amount of CHF 267.6 million relate to identifiable losses from the procurement of electricity from power-generation plants and from long-term supply contracts (previous year: CHF 377.6 million). For details regarding the valuation method used, refer to Note 12 "Impairment losses, impairment reversals, depreciation, amortisation and provisions for onerous contracts".

Other provisions

The position contains provisions for storage contracts in the amount of CHF 29.7 million (previous year: CHF 27.4 million) as well as provisions for the decommissioning of power plants of CHF 20.7 million (previous year: CHF 19.1 million), provisions for personnel expenses including bonus accruals and claims related to current legal proceedings. The release of other provisions mainly relates to the provisions for onerous energy sales contracts from retail business.

29 Other liabilities (current)

CHF million	30.9.2019	30.9.2018
Operating expenses not yet invoiced	996.6	1 138.6
Advance payments from customers	54.9	41.1
Other (financial instruments)	447.1	638.7
Other (non-financial instruments)	74.0	53.1
Total	**1 572.6**	**1 871.5**

“Operating expenses not yet invoiced” relate to accruals for electricity purchases, both in traditional energy business and energy trading. Trade receivables from customers who are simultaneously suppliers are offset against trade payables, provided a netting arrangement has been agreed. The offset receivables and payables included in “Operating expenses not yet invoiced” and in “Revenues not yet invoiced” amount to CHF 1,435.5 million (previous year: CHF 1,691.4 million; see Note 23 “Other receivables”).
The line item “Other (financial instruments)” mainly contains credit support annexes received, whereas the credit support annexes delivered are reported in Note 23 “Other receivables (current and non-current)” (see additionally Note 6 “Financial risk management”).

30 Employee benefits

Axpo Solutions Group has several pension plans in accordance with national legislation. The Swiss subsidiaries are affiliated to PKE-CPE Vorsorgestiftung Energie, a legally independent collective pension fund which qualifies as a defined benefit plan under IAS 19. The other defined benefit plans are insignificant. All other pension plans qualify as defined contribution plans.
PKE-CPE Vorsorgestiftung Energie is a pension fund with the legal form of a foundation under the Swiss Civil Code and the Swiss Federal Law on Occupational Retirement, Survivors’ and Disability Pension Plans (BVG). The objective of the foundation is to provide occupational benefits in accordance with the BVG and its ordinances, protecting the employees of the affiliated companies and their family and survivors against the financial consequences of old age, invalidity and death. The pension fund is an independent pension fund and the contributions and benefits exceed the minimum legal requirements. The Board of Trustees is the most senior governing body of PKE-CPE Vorsorgestiftung Energie. It is composed of an equal number of employee and employer representatives of the affiliated companies and constitutes itself. The pension fund regulations and the organisational regulations define the benefits provided by PKE-CPE Vorsorgestiftung Energie and their financing, the organisation and administration, and the relationship with the affiliated companies and with the active insured members and pensioners.
The employer and employee contributions are defined as a percentage of the insured salary. The old-age pension is determined by multiplying the balance of the retirement savings capital at retirement with the conversion rate defined in the regulations. The employee may draw the pension benefits as a lump-sum payment. The invalidity pension and the spouse’s pension are defined as a percentage of the insured salary. The plan assets are invested by PKE-CPE Vorsorgestiftung Energie jointly for all affiliated companies, which share the actuarial and the investment risks of the pension fund. The Board of Trustees is responsible for the investment of the plan assets. The organisation of the investment activities and the related competencies are specified in the investment regulations and investment strategy. The pension fund is exposed to actuarial and investment risks. The investments are made in such a way that the benefits can be paid when they come due.
In the event of underfunding, the Board of Trustees, in collaboration with the recognised actuarial expert, implements measures suitable to eliminate the underfunding. If necessary, the interest rate on the retirement savings capital, the benefits in excess of the minimum requirement under BVG and their financing may be adjusted to bring them into line with the funds available. If other measures are not sufficient, PKE-CPE Vorsorgestiftung Energie may require the employer to pay additional contributions to eliminate the underfunding.
In the previous reporting period, due to increasing life expectancy, persistently low interest rates and the subdued growth of forecasted returns, the Board of Trustees agreed on various measures to ensure the financial stability of PKE-CPE Vorsorgestiftung Energie. The key components of the measures were the reduction of the conversion rate and the introduction of additional obligatory employer contributions. Furthermore, the active members received a special capital contribution to their individual retirement assets of 13%. The financial impact of the compensation measures was netted against the effect of the reduction of the conversion rate. This resulted in a net change in the income statement of zero. The remaining part of the financial impact of the compensation measures represented a supplementary interest that was treated as an actuarial loss and recognised in comprehensive income.

The employee benefits of Axpo Solutions Group were as follows:

Pension liabilities according to the balance sheet

CHF million	2018/19	2017/18
Present value of defined benefit obligations as at 30.9.	263.0	229.5
Fair value of plan assets as at 30.9.	232.9	227.6
Deficit as at 30.9.	30.1	1.9
Pension liabilities recognised in the balance sheet as at 30.9.	**30.1**	**1.9**

Pension costs in income statement

CHF million	2018/19	2017/18
Current service cost	6.5	7.2
Past service cost	0.3	0.0
Interest expense on defined benefit obligation	2.1	1.4
Interest income on plan assets	−2.1	−1.3
Administration cost excluding asset management cost	0.1	0.1
Pension cost for the period recognised in profit or loss (Note 10)	**6.9**	**7.4**
thereof service cost and administration cost	6.9	7.3
thereof net interest expense (income)	0.0	0.1

Pension costs in other comprehensive income

CHF million	2018/19	2017/18
Actuarial losses/(gains) on defined benefit obligation	33.3	−9.5
Return on plan assets excluding interest income	−6.6	−7.6
Pension costs for the period recognised in other comprehensive income	**26.7**	**−17.1**

Change in employee benefit liability reported in the balance sheet

CHF million	2018/19	2017/18
Employee benefit liability as at 1.10.	1.9	16.6
Pension cost for the period recognised in profit or loss	7.0	7.4
Pension cost for the period recognised in other comprehensive income	26.7	−17.1
Employer contributions	−5.5	−5.0
Employee benefit liability as at 30.09.	**30.1**	**1.9**

Change in the fair value of plan assets

CHF million	2018/19	2017/18
Fair value of plan assets as at 1.10.	227.6	216.1
Interest income on plan assets	2.1	1.3
Employer contributions	5.5	5.0
Employee contributions	3.6	3.2
Benefits paid	−12.4	−5.6
Return on plan assets excluding interest income	6.6	7.6
Fair value of plan assets as at 30.9.	**232.9**	**227.6**

Change in the present value of the defined benefit obligation

CHF million	2018/19	2017/18
Present value of defined benefit obligation as at 1.10.	229.5	232.7
Interest expense on defined benefit obligation	2.1	1.4
Current service cost	6.5	7.2
Employee contributions	3.6	3.2
Benefits paid	–12.4	–5.6
Past service cost	0.3	0.0
Administration cost excluding asset management cost	0.1	0.1
Actuarial losses/(gains) on defined benefit obligation	33.3	–9.5
Present value of defined benefit obligation as at 30.9.	**263.0**	**229.5**

Breakdown of defined benefit obligation

CHF million	30.9.2019	30.9.2018
Present value of defined benefit obligation as at 30.9. for active members	150.9	132.0
Present value of defined benefit obligation as at 30.9. for pensioners	112.1	97.5

Actuarial gains/losses on defined benefit obligation

CHF million	2018/19	2017/18
Actuarial (gains)/losses on defined benefit obligation from:		
changes in financial assumptions	26.2	–7.9
changes in demographic assumptions	–1.8	–6.2
experience adjustments	8.9	4.6
Actuarial losses/(gains) on defined benefit obligation	**33.3**	**–9.5**

Actuarial assumptions

	30.9.2019	30.9.2018
Discount rate for active members (in %)	0.1	1.0
Discount rate for pensioners (in %)	–0.1	0.8
Expected future salary increase (in %)	0.5	0.5
Expected future pension increase (in %)	0.0	0.0

The discount rate is determined on the basis of the return from Swiss and foreign corporate bonds that are listed on the Swiss Stock Exchange (SIX). Only institutions whose bonds are rated with one of the two highest credit quality categories (AAA and AA) are considered. Wage growth is based on the long-term expectations of Axpo. Additionally, wage increases according to valid collective working agreements or other contractual commitments are considered. In the financial year 2017/18, life expectancy was calculated for the first time using a projection of future mortality improvement according to the Continuous Mortality Investigation (CMI) model based on observed actual mortality data in Switzerland. A future mortality improvement rate of 1.25% is used for the calculation. The initial application of the CMI model resulted in a reduction of the net pension liabilities of CHF 6.2 million, which is recorded in comprehensive income as a change.

Sensitivity of key actuarial assumptions

The calculation of the defined benefit obligation is especially sensitive to changes in the discount rate, assumptions regarding salary trends and changes in life expectancy. The discount rate and the expected salary change were reduced/increased by 0.25%. Sensitivity to mortality rates was calculated by reducing/raising the mortality rate by a fixed factor such that the life expectancy for the majority of age categories was raised/reduced by approximately one year. The following table summarises the present value of the defined benefit obligation which would result when applying the above-mentioned assumptions:

CHF million	30.9.2019	30.9.2018
Discount rate (–0.25% change)	273.5	237.7
Discount rate (+0.25% change)	253.3	221.8
Salary increase (–0.25% change)	261.9	228.7
Salary increase (+0.25% change)	264.2	230.3
Life expectancy (–1 year change)	254.7	222.7
Life expectancy (+1 year change)	271.3	236.1

Estimate of employer and employee contributions for subsequent period

CHF million	30.9.2019	30.9.2018
Expected employer contributions	5.4	4.9
Expected employee contributions	3.4	3.2

Major categories of plan assets

CHF million	30.9.2019	30.9.2018
Cash and cash equivalents	3.0	0.9
Equity instruments	91.0	91.8
Debt instruments	67.8	65.6
Real estate	12.3	11.9
Others	25.9	24.5
Total plan assets at fair value (quoted market price)	**200.0**	**194.7**
Real estate	32.9	32.9
Total plan assets at fair value (non-quoted market price)	**32.9**	**32.9**
Total plan assets at fair value	**232.9**	**227.6**

Maturity profile of the defined benefit obligation

	30.9.2019	30.9.2018
Weighted average duration of the defined benefit obligation in years	15.3	13.8

31 Transactions with related parties

Majority shareholder

Axpo Holding AG, Baden, directly holds 100% of the share capital of Axpo Solutions AG. Axpo Holding AG, the sister companies of Axpo Solutions AG (Axpo Power AG, Avectris AG, Axpo Services AG and Centralschweizerische Kraftwerke AG) and their fully consolidated subsidiaries, and companies and public agencies whose ownership interests allow them to exercise significant influence over Axpo Holding AG are all treated as shareholders and parties related to shareholders.

Subsidiaries and associates

Transactions between Axpo Solutions AG and its subsidiaries were eliminated during consolidation and are not explained in this note, while transactions between Axpo Solutions AG and its associates and partner plants are disclosed below. Transactions between Axpo Solutions AG and its subsidiaries are disclosed in the separate financial statements of Axpo Solutions AG. The principal terms and conditions governing relationships with related parties are explained in Note 3 "Consolidation principles", section "Intragroup transactions".

Management Board and Board of Directors

The Management Board and the Board of Directors of Axpo Solutions AG are also considered related parties. Transactions with related parties are conducted at arm's length.

Remuneration to current members of the Board of Directors and the Management Board

CHF million	2018/19	2017/18
Board of Directors		
Current employee benefits	0.0	0.0
Total	**0.0**	**0.0**
Management Board		
Current employee benefits	11.7	7.7
Pension fund contributions	0.8	0.8
Total	**12.5**	**8.5**

Transactions between Axpo Solutions Group and related parties in 2018/19

CHF million	Shareholders and affiliates	Partner plants	Associates
Total income			
Revenues from sales of energy	81.8	6.2	107.3
Other operating income	149.2	2.6	1.6
Operating expenses			
Expenses for energy procurement and cost of goods purchased	–660.4	–181.6	–31.1
Expenses for materials and third-party supplies	–0.1	0.0	0.0
Other operating expenses	–66.3	0.0	0.0
Financial result			
Financial result	–14.1	–13.4	18.3

Open positions with related parties as at 30 September 2019:

CHF million	Shareholders and affiliates	Partner plants	Associates
Assets (non-current)			
Derivative financial instruments	359.8	0.0	7.7
Other financial assets	0.0	0.0	295.5
Assets (current)			
Assets held for sale	0.0	0.0	34.7
Trade receivables	2.8	20.1	9.9
Financial receivables	1 136.5	0.0	24.6
Derivative financial instruments	241.5	0.0	7.8
Other receivables	11.4	43.4	10.2
Liabilities (non-current)			
Derivative financial instruments	262.0	0.0	13.5
Other liabilities	0.0	0.0	0.5
Liabilities (current)			
Trade payables	57.1	6.4	1.0
Financial liabilities	558.0	0.0	0.0
Derivative financial instruments	226.8	0.0	3.3
Other liabilities	64.1	7.4	3.9

Transactions between Axpo Solutions Group and related parties in 2017/18

CHF million	Shareholders and affiliates	Partner plants	Associates
Total income			
Revenues from sales of energy	166.9	0.9	106.5
Other operating income	61.0	4.9	6.2
Operating expenses			
Expenses for energy procurement and cost of goods purchased	–667.8	–177.4	–43.1
Expenses for materials and third-party supplies	–0.5	0.0	0.0
Other operating expenses	–73.0	0.0	0.2
Financial result			
Financial result	–12.3	–14.8	18.5

Open positions with related parties as at 30 September 2018:

CHF million	Shareholders and affiliates	Partner plants	Associates
Assets (non-current)			
Derivative financial instruments	177.6	0.0	18.6
Other financial assets	0.0	0.0	336.3
Assets (current)			
Trade receivables	6.0	1.0	20.3
Financial receivables	1 306.2	13.5	26.0
Derivative financial instruments	237.2	0.0	14.8
Other receivables	23.2	21.7	10.3
Liabilities (non-current)			
Financial liabilities	3.6	0.0	0.0
Derivative financial instruments	185.4	0.0	17.0
Other liabilities	0.0	0.0	0.6
Liabilities (current)			
Trade payables	72.5	14.5	1.2
Financial liabilities	449.6	0.0	0.0
Derivative financial instruments	227.5	0.0	7.3
Other liabilities	58.5	16.1	10.4

32 Pledged assets

CHF million	30.9.2019	30.9.2018
Property, plant and equipment	599.4	196.5
Inventories	5.8	62.4
Cash and cash equivalents	182.1	160.0
Other	64.4	7.1
Total	**851.7**	**426.0**

Pledged property, plant and equipment are related to wind farms and solar plants built for own use in France and Germany, whereas pledged inventories are related to the wind farms in France and Germany built for sale.

33 Other contingent liabilities, contingent assets and legal disputes

CHF million	30.9.2019	30.9.2018
Investment commitment	32.4	73.0
Obligation to capital payment	85.3	103.0
Other contingent liabilities	3.2	2.8
Total	**120.9**	**178.8**

With the entry into force of the new Energy Act (EnG) on 1 January 2018, the operators of large-scale hydroelectric power plants that have to sell their power on the market for less than the full generation costs (including a return on equity) are entitled to a market premium. To assert a claim for a market premium, Axpo Solutions AG has to submit an application by no later than 31 May of the subsequent year. The Swiss Federal Office for Energy sent the second ruling for the 2018 market premium to the applicants on 7 November 2019. It states that the proportion of the market premium, to which Axpo Solutions AG is entitled to in the application year 2018, amounts to CHF 7.1 million. This amount takes into account that the requests for market premiums in financial year 2018 exceeded the amount of the available funds, and thus that the market premium was reduced by a factor of 0.886 on a straight-line basis for all eligible recipients. With this second ruling for the application year 2018, the Swiss Federal Office for Energy decreed the disbursement of the remaining amount of CHF 1.7 million of the awarded market premium. The CHF 5.4 million was already disbursed with the first ruling in December 2018. Also on 7 November 2019, the Swiss Federal Office for Energy sent the ruling for the 2019 market premium. It states that Axpo Solutions AG is entitled to a market premium of CHF 1.1 million. As sufficient funds are available for the 2019 market premium, no reduction will apply and the aforementioned amount is the final one. As soon as the ruling is binding, the entire amount will be disbursed. Due to the lack of legal force of the second ruling for the market premium 2018 and the ruling for the market permium 2019, Axpo Solutions AG did not recognise any receivable or corresponding income from these two rulings in the financial year 2018/19.
Further, there is an ongoing investigation concerning CO_2 certificate transactions in Spain, the risk of which is assessed as low by Axpo Solutions Group.
For obligations in connection with partner plants, see Note 17 “Investments in partner plants and other associates”.
In relation to a gas procurement contract, a court of first instance acknowledged Axpo Solutions Group’s claim with respect to the direct damages it suffered due to the counterparty’s breach. The counterclaim of the counterparty was fully dismissed by the court. Corresponding compensation was paid in 2018/19 to Axpo Solutions Group and the case was settled.
Axpo Solutions Group is involved in several other legal disputes related to its ordinary business activities.

34 Events after the balance sheet date

There are no events after the balance sheet date which have to be disclosed.

35 Investments

	Domicile	Balance sheet date	Currency	Registered capital in million	Share of votes in %	Share of capital in %	Purpose
Group companies							
Axpo Albania sh.a.	Tirana (AL)	31.12.	ALL	19.235	100.0	100.0	H
Axpo Austria GmbH	Vienna (AT)	30.09.	EUR	0.035	100.0	100.0	H
Axpo Benelux SA	Brussels (BE)	30.09.	EUR	0.500	100.0	100.0	H
Axpo BH d.o.o.	Sarajevo (BA)	31.12.	BAM	1.000	100.0	100.0	H
Axpo Bulgaria EAD	Sofia (BG)	31.12.	BGN	18.119	100.0	100.0	D
Axpo CKW France SAS	Paris (FR)	30.09.	EUR	26.380	60.0	60.0	D
Axpo d.o.o. Beograd	Belgrade (RS)	30.09.	RSD	49.292	100.0	100.0	H
Axpo Deutschland GmbH	Leipzig (DE)	30.09.	EUR	3.500	100.0	100.0	H
Axpo Energia Portugal, Unipessoal LDA	Lisbon (PT)	30.09.	EUR	0.050	100.0	100.0	H
Axpo Energy Romania S.A.	Bucharest (RO)	30.09.	RON	42.000	100.0	100.0	H
Axpo Energy Solutions Italia S.p.A.	Rome (IT)	30.09.	EUR	2.000	100.0	100.0	H
Axpo France SAS	Lyon (FR)	30.09.	EUR	0.380	100.0	100.0	H
Axpo Finland Oy	Helsinki (FI)	30.09.	EUR	0.250	100.0	100.0	H
Axpo Gas Service Italia S.r.l.[1]	Rome (IT)	30.09.	EUR	0.100	100.0	100.0	H
Axpo Gen Hellas S.A.	Athens (GR)	30.09.	EUR	0.830	100.0	100.0	I
Axpo Iberia S.L.	Madrid (ES)	30.09.	EUR	0.501	100.0	100.0	H
Axpo International SA	Luxembourg (LU)	30.09.	EUR	3.792	100.0	100.0	D
Axpo Italia S.p.A.	Rome (IT)	30.09.	EUR	3.000	100.0	100.0	H
Axpo Kosovo L.L.C.	Pristina (KOS)	31.12.	EUR	0.050	100.0	100.0	H
Axpo MK dooel Skopje	Skopje (MK)	31.12.	MKD	6.140	100.0	100.0	H
Axpo Netherlands BV	Amsterdam (NL)	30.09.	EUR	0.100	100.0	100.0	H
Axpo Nordic AS	Oslo (NO)	30.09.	NOK	59.000	100.0	100.0	H
Axpo Polska Sp.z.o.o.	Warsaw (PL)	30.09.	PLN	1.250	100.0	100.0	H
Axpo Renewable Germany GmbH	Leipzig (DE)	30.09.	EUR	0.025	100.0	100.0	S
Axpo Servizi Produzione Italia S.p.A.	Rome (IT)	30.09.	EUR	0.300	100.0	100.0	D
Axpo Slovensko, s.r.o.	Bratislava (SK)	30.09.	EUR	0.100	100.0	100.0	H
Axpo Sverige AB	Malmö (SE)	30.09.	SEK	52.000	100.0	100.0	H
Axpo Trgovina d.o.o.	Zagreb (HR)	30.09.	HRK	0.750	100.0	100.0	H
Axpo Tunisia S.L.	Tunis (TN)	30.09.	TND	0.150	100.0	100.0	H
Axpo Turkey Enerji A.S.	Istanbul (TR)	30.09.	TRY	7.663	100.0	100.0	H
Axpo UK Limited	London (GB)	30.09.	GBP	9.500	100.0	100.0	H
Axpo UK Trading Limited	London (GB)	30.09.	GBP	0.150	100.0	100.0	H
Axpo U.S. LLC	Wilmington DE (US)	30.09.	USD	44.000	100.0	100.0	H
Albula-Landwasser Kraftwerke AG	Filisur (CH)	30.09.	CHF	22.000	75.0	75.0	P
Calenia Energia S.p.A.	Rome (IT)	30.09.	EUR	0.100	85.0	85.0	P
Consorzio Energie Rinnovabili	Napels (IT)	30.09.	EUR	0.020	99.0	99.0	P
Energia de la Zarza S.L.	Madrid (ES)	30.09.	EUR	0.103	100.0	100.0	I
Frea Axpo EOOD[1]	Sofia (BG)	31.12.	BGN	8.200	100.0	100.0	H
Gold Energy-Comercializadora de Energía, S.A.	Vila Real (PT)	31.12.	EUR	1.500	100.0	100.0	H
Limited Liability Company "AXPO Ukraine"	Kiev (UA)	31.12.	UAH	29.450	100.0	100.0	H
Parc éolien de St Riquier 2 SAS	Strasbourg (FR)	30.09.	EUR	0.233	100.0	100.0	P
Parc éolien Plaine Dynamique SAS	Strasbourg (FR)	30.09.	EUR	0.015	100.0	100.0	P
Rizziconi Energia S.p.A.	Rome (IT)	30.09.	EUR	0.500	100.0	100.0	P
Urbasolar SAS[2,4]	Montpellier (FR)	30.04.	EUR	2.068	100.0	100.0	D
Volkswind GmbH[3]	Ganderkesee (DE)	30.09.	EUR	0.026	100.0	100.0	D
WinBis S.r.l.	Rome (IT)	30.09.	EUR	0.120	100.0	100.0	P

D = Services / H = Trading and supply / I = Project companies / E = Energy transmission / P = Production / S = Other

1 In liquidation.

2 Company acquisition.

3 Volkswind GmbH is the parent company of the Volkswind Group. The entity holds several subsidiaries and associates which are not listed here.

4 Urbasolar SAS is the parent company of the Urbasolar Group. The entity holds several subsidiaries and associates which are not listed here.

	Domicile	Balance sheet date	Currency	Registered capital in million	Share of capital in %	Share of votes in %	Purpose
Significant associated companies (partner plants)							
AKEB Aktiengesellschaft für Kernenergie-Beteiligungen Luzern	Lucerne (CH)	31.12.	CHF	90.000	26.4	31.0	P
ENAG Energiefinanzierungs AG	Schwyz (CH)	31.12.	CHF	100.000	33.2	50.1	P
Engadiner Kraftwerke AG	Zernez (CH)	30.09.	CHF	140.000	15.0	15.0	P
Etrans AG	Baden (CH)	31.12.	CHF	7.500	13.2	13.2	E
Kernkraftwerk Gösgen-Däniken AG	Däniken (CH)	31.12.	CHF	350.000[1]	4.5	0.0	P
Kernkraftwerk Leibstadt AG	Leibstadt (CH)	31.12.	CHF	450.000	0.5	16.3	P
Kraftwerke Mattmark AG	Saas-Grund (CH)	30.09.	CHF	90.000	30.5	38.9	P
Forces Motrices de Mauvoisin SA	Sion (CH)	30.09.	CHF	100.000	29.3	29.3	P

D = Services / H = Trading and supply / I = Project companies / E = Energy transmission / P = Production / S = Other
1 Paid-in CHF 290.000 million.

	Domicile	Balance sheet date	Currency	Registered capital in million	Share of capital in %	Share of votes in %	Purpose
Associated companies (other associates)							
Albula Netz AG	Filisur (CH)	31.12.	CHF	1.700	45.0[1]	33.3	E
Alleanza Luce & Gas S.p.A.	Villanova Di Castenaso (IT)	31.12.	EUR	5.000	5.0	5.0	D
Centrale Eolienne Canet – Pont de Salars SAS	Paris (FR)	31.12.	EUR	0.125	29.4[2]	49.0	P
Centrale Eolienne Gueltas Noyal-Pontivy SAS	Paris (FR)	31.12.	EUR	0.761	29.4[2]	49.0	P
Centrale Eolienne Patay SAS	Paris (FR)	31.12.	EUR	0.131	29.4[2]	49.0	P
Centrale Eolienne Saint Barnabé SAS	Paris (FR)	31.12.	EUR	0.096	29.4[2]	49.0	P
Centrale Eolienne Ségur SAS	Paris (FR)	31.12.	EUR	0.113	29.4[2]	49.0	P
Eolienne de Saugueuse S.à.r.l.	Paris (FR)	31.12.	EUR	0.001	29.4[2]	49.0	P
Global Tech I Offshore Wind GmbH	Hamburg (DE)	31.12.	EUR	1.000	24.1	24.1	P
Grischelectra AG	Chur (CH)	30.09.	CHF	1.000[3]	20.0	20.0	H
Parc Eolien des Vatines SAS	Paris (FR)	31.12.	EUR	0.841	29.4[2]	49.0	P
Parc Eolien du Clos Bataille SAS	Paris (FR)	31.12.	EUR	0.410	29.4[2]	49.0	P
Parc Eolien de Varimpré SAS	Paris (FR)	31.12.	EUR	0.037	29.4[2]	49.0	P
Parque Eólico la Peñuca S.L.	Ponferrada (ES)	31.12.	EUR	3.333	46.0	46.0	P
Società EniPower Ferrara S.r.l.	San Donato Milanese (IT)	31.12.	EUR	140.000	49.0	49.0	P
Sogesa SA	Le Chable (CH)	30.09.	CHF	2.000	30.0	30.0	H
Swissgrid AG	Aarau (CH)	31.12.	CHF	319.034	8.8	8.8	E
Terravent AG	Lucerne (CH)	30.09.	CHF	16.005	23.4	23.4	S
Trans Adriatic Pipeline AG	Baar (CH)	31.12.	CHF	1 295.588	5.0	5.0	I

D = Services / H = Trading and supply / I = Project companies / E = Energy transmission / P = Production / S = Other
1 The direct share held by an entity of Axpo Solutions Group amounts to 60%. Axpo Solutions Group in turn owns 75% of the respective entity, resulting in a capital share of 45% at Group level.
2 The direct share held by an entity of Axpo Solutions Group amounts to 49%. Axpo Solutions Group in turn owns 60% of the respective entity, resulting in a capital share of 29.4% at Group level.
3 Paid-in capital CHF 0.200 million.

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Statutory Auditor's Report to the General Meeting of

Axpo Solutions AG, Baden

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Axpo Solutions AG and its subsidiaries (the Group), as presented on pages 9 to 69, which comprise the consolidated income statement, consolidated balance sheet as at 30 September 2019 and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 September 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion
We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, 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.

Other information in the Annual Report
The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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.

KPMG

Axpo Solutions AG, Baden
Statutory Auditor's Report
on the Audit of the Consolidated Financial Statements
to the General Meeting

Responsibility of the Board of Directors for the Consolidated Financial Statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Axpo Solutions AG, Baden
Statutory Auditor's Report
on the Audit of the Consolidated Financial Statements
to the General Meeting

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Silvan Jurt *Licensed Audit Expert* *Auditor in Charge*	Daniel Haas *Licensed Audit Expert*

Basel, 10 December 2019

Income statement

CHF million	Notes	2018/19	2017/18
Revenue from sales of energy	3	1 981.7	1 333.8
Result from currency forward contracts	4	147.7	30.0
Other operating income	5	14.6	44.3
Total income		**2 144.0**	**1 408.1**
Energy procurement and material expenses	6	–1 108.0	–1 291.3
Personnel expenses	7	–77.1	–62.4
Other operating expenses	8	–113.5	–130.8
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**845.4**	**–76.4**
Depreciation, amortisation and impairments		–8.9	–8.3
Earnings before interest and tax (EBIT)		**836.5**	**–84.7**
Financial income		47.9	100.0
Financial expense		–126.9	–97.2
Financial result	9	**–79.0**	**2.8**
Extraordinary, non-recurring or off-period income	10	0.0	5.4
Direct taxes		–0.9	0.0
Net profit for the year / net loss for the year		**756.6**	**–76.5**

Balance sheet

CHF million	Notes	30.9.2019	30.9.2018
Assets			
Cash and cash equivalents		132.4	92.3
Trade receivables	11	245.7	271.0
Current financial receivables	12	1 171.3	1 335.5
Current derivative financial instruments	13	954.2	1 755.7
Other receivables	14	170.3	318.7
Inventories	15	134.3	216.1
Accrued income and prepaid expenses	16	703.2	722.8
Total current assets		**3 511.4**	**4 712.1**
Non-current financial loans	17	397.4	385.5
Non-current derivative financial instruments	18	1 368.9	1 727.8
Other non-current financial assets	19	12.7	18.1
Investments		2 069.5	1 868.3
Other property, plant and equipment		0.1	0.1
Intangible assets	20	2.6	2.5
Total non-current assets		**3 851.2**	**4 002.3**
Total assets		**7 362.6**	**8 714.4**
Liabilities			
Trade payables	21	178.7	156.8
Current interest-bearing liabilities	22	605.0	465.0
Current derivative financial instruments	23	989.7	1 964.6
Other current liabilities	24	231.5	478.7
Accrued expenses and deferred income	25	717.4	715.8
Current provisions		104.4	132.2
Total current liabilities		**2 826.7**	**3 913.1**
Non-current derivative financial instruments	26	1 261.9	1 862.5
Non-current liabilities	27	47.5	53.9
Non-current provisions		865.2	1 280.2
Total non-current liabilities		**2 174.6**	**3 196.6**
Total liabilities		**5 001.3**	**7 109.7**
Share capital	28	1 567.0	1 567.0
General legal retained earnings		66.0	66.0
Profit / Loss carried forward		728.3	–28.3
Total equity		**2 361.3**	**1 604.7**
Total equity and liabilities		**7 362.6**	**8 714.4**

Notes to the financial statements

1 General information

Axpo Solutions AG is a public limited company incorporated under Swiss law with its registered office in Baden.
The average number of employees in the reporting period was 287.6 full-time equivalents; in the previous year the average number was 253.7.

2 Accounting principles

The annual financial statements were prepared in accordance with the provisions of Swiss law on commercial accounting and financial reporting (32nd title of the Swiss Code of Obligations). The Board of Directors of Axpo Solutions AG approved the financial statements on 10 December 2019 and they are subject to the approval of the Annual General Meeting on 10 January 2020.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate at the time of the transaction or at an exchange rate that corresponds to the transaction price approximating that rate. For translation of the financial figures in Swiss francs, the following rates were applied:

Currency / Unit

	30.9.2019	30.9.2018
EUR / 1	1.0847	1.1316
USD / 1	0.9961	0.9775
GBP / 1	1.2246	1.2753
CZK / 100	4.2017	4.3978
PLN / 100	24.7750	26.4553
HUF / 100	0.3240	0.3489

Transactions with shareholders, investments and group companies

Under “Shareholders”, direct and indirect shareholders up to and including shareholders of Axpo Holding AG are reported. “Investments and group companies” includes all fully consolidated subsidiaries and equity-accounted associates of Axpo Holding AG, less shareholders.

Cash pool

Axpo Solutions AG participates in a CHF and EUR cash pool (zero balancing) of Axpo Holding AG and a EUR cash pool of Axpo International SA. The receivables or payables of Axpo Solutions AG are transmitted to the account of Axpo Holding AG and Axpo International SA daily. The balance is reported under current financial receivables/liabilities.

Revenue recognition

Revenue is recognised in the income statement upon delivery of goods or rendering of services to the customer or on the date on which the significant risks and rewards related to the sale are transferred to the purchaser. Revenue is presented based on energy sales effectively invoiced and revenue accrued during the reporting period. In general, sales are reported net after deduction of value added tax and trade discounts.
Revenues and costs related to the customer solution business as well as energy trades, which are measured at fair value, are presented net in revenue from sales of energy.

Trade receivables

Trade receivables are recorded at their nominal value, less appropriate bad debt allowances.

Inventories

Certificates and gas inventories allocated to the customer solution business or for trading purposes are principally acquired for resale in the near term with a view to generating a profit from fluctuations in price or dealer’s margin. These are measured at fair value less costs to sell.

Inventories held in relation with own production energy and the retail business include materials, certificates and inventories of other energy sources. These inventories are measured at the lower of cost or net realisable value.

Derivative financial instruments (replacement values)
The finance and energy derivatives at year-end closing are measured at fair value on the balance sheet date. The positive and negative derivative financial instruments are recognised in the corresponding balance sheet items.
Net settled contracts that have a purely speculative intention are presented as current, independent of their contract term. Contracts which are entered into with the intention of physical delivery and which have a term to maturity of more than twelve months are presented as non-current.

Property, plant and equipment
Property, plant and equipment are recognised in the balance sheet at acquisition cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated using the straight-line method over the estimated useful life of the asset. The estimated useful lives are reviewed annually and are within the following ranges:

Other property, plant and equipment	3–15 years

Intangible assets
Intangible assets include usage rights, energy procurement rights and other intangible assets. They are recognised in the balance sheet at acquisition cost less accumulated amortisation and impairment losses. Intangible assets are amortised using the straight-line method over the estimated useful life of the asset.

Investments in subsidiaries and associates
Investments in subsidiaries and associates are recorded in the balance sheet at cost, subject to any necessary value adjustments required.

Financial assets
Loan receivables are recognised at their nominal value, less any impairments.

Liabilities
Trade payables, other current liabilities and non-current loans are recognised at nominal value.

Provisions
Provisions are recognised at the expected cash outflow. Where the effect is significant, the present value of the expected cash outflow is used for recognition. With regard to long-term energy procurement obligations arising from onerous contracts, identifiable losses are provided for, taking into account market price trends and future procurement costs. Due to the legal obligation of shareholders to pay a pro-rata share of the annual costs, an investment in a partner plant may result in a provision for an onerous energy procurement contract instead of an asset for the energy purchase right. Due to the existing obligation to buy energy from power plants from some subsidiaries at production cost, a provision for an onerous energy procurement contract is recognised in case the impairment test of the plants reveals an impairment loss.

Waiver of cash flow statement and additional information in the notes
As Axpo Solutions Group has prepared its consolidated financial statements in accordance with a recognised accounting standard (IFRS), in accordance with the law, Axpo Solutions AG has dispensed with the presentation of additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement.

Hidden reserves
To ensure the long-term growth of the company, the option is used to create and release hidden reserves.

3 Revenue from sales of energy

CHF million	2018/19	2017/18
Third parties	829.4	437.2
Shareholders	106.2	123.1
Investments and group companies	1 046.1	773.5
Total	**1 981.7**	**1 333.8**

4 Result from currency forward contracts

CHF million	2018/19	2017/18
Third parties	0.6	–0.6
Shareholders	147.5	30.2
Investments and group companies	–0.4	0.4
Total	**147.7**	**30.0**

5 Other operating income

CHF million	2018/19	2017/18
Third parties	0.0	–0.4
Investments and group companies	14.6	44.7
Total	**14.6**	**44.3**

6 Energy procurement and material expenses

CHF million	2018/19	2017/18
Third parties	64.6	337.7
Shareholders	8.4	6.1
Investments and group companies	1 035.0	947.5
Total	**1 108.0**	**1 291.3**

7 Personnel expenses

CHF million	2018/19	2017/18
Salaries and wages	64.7	52.2
Social security expenses	5.7	4.0
Pension fund expenses	5.3	5.0
Other personnel expenses	1.4	1.2
Total	**77.1**	**62.4**

8 Other operating expenses

CHF million	2018/19	2017/18
Third parties	24.2	32.7
Shareholders	3.7	2.3
Investments and group companies	85.6	95.8
Total	**113.5**	**130.8**

Other operating expenses contain capital and property tax expenses in the amount of CHF 3.6 million (previous year: release of CHF 2.6 million).

9 Financial result

CHF million	2018/19	2017/18
Interest income		
Third parties	0.7	6.0
Investments and group companies	13.1	8.6
Dividend income		
Investments and group companies	7.8	73.4
Other financial income		
Third parties	0.1	0.0
Investments and group companies	26.2	12.0
Total financial income	**47.9**	**100.0**
Interest expense		
Third parties	–49.7	–55.8
Shareholders	–3.3	–2.8
Investments and group companies	–13.3	–14.5
Net exchange rate gains (losses)	–52.3	–17.8
Other financial expense		
Third parties	–3.2	–2.4
Shareholders	–3.3	–3.8
Investments and group companies	–1.8	–0.1
Total financial expense	**–126.9**	**–97.2**
Total financial result	**–79.0**	**2.8**

10 Extraordinary, non-recurring or off-period income

In the current financial year, there was no extraordinary income. In the previous year, there was an expropriation compensation from Swissgrid AG of CHF 5.4 million.

11 Trade receivables

CHF million	30.9.2019	30.9.2018
Third parties	155.2	145.6
Shareholders	0.0	1.5
Investments and group companies	90.5	123.9
Total	**245.7**	**271.0**

Allowances for bad debts amounted to CHF 1.8 million (previous year: CHF 1.9 million).

12 Current financial receivables

CHF million	30.9.2019	30.9.2018
Third parties	8.0	8.5
Shareholders	1 132.9	1 299.3
Investments and group companies	30.4	27.7
Total	**1 171.3**	**1 335.5**

13 Current derivative financial instruments (positive replacement values)

CHF million	30.9.2019	30.9.2018
Third parties	595.1	1 350.7
Shareholders	102.6	80.9
Investments and group companies	256.5	324.1
Total	**954.2**	**1 755.7**

14 Other receivables

CHF million	30.9.2019	30.9.2018
Third parties	170.0	318.4
Investments and group companies	0.3	0.3
Total	**170.3**	**318.7**

15 Inventories

CHF million	30.9.2019	30.9.2018
Inventories at fair value	133.8	216.0
Inventories at lowest value principle	0.5	0.1
Total	**134.3**	**216.1**

This position includes certificates and gas inventories.

16 Accrued income and prepaid expenses

CHF million	30.9.2019	30.9.2018
Third parties	428.0	544.5
Shareholders	6.5	7.6
Investments and group companies	268.7	170.7
Total	**703.2**	**722.8**

Trade receivables from customers who are simultaneously suppliers are offset against trade payables, provided a netting arrangement has been agreed. The offset receivables and payables included in accrued income and prepaid expenses and accrued expenses and deferred income amounted to CHF 1,514.7 million (previous year: CHF 1,758.9 million; see Note 26).

17 Non-current financial loans

CHF million	30.9.2019	30.9.2018
Investments and group companies	397.4	385.5
Total	**397.4**	**385.5**

This position includes loans granted with a term to maturity of more than twelve months.

18 Non-current derivative financial instruments (positive replacement values)

CHF million	30.9.2019	30.9.2018
Third parties	880.5	1 363.9
Shareholders	136.7	69.1
Investments and group companies	351.7	294.8
Total	**1 368.9**	**1 727.8**

19 Other non-current financial assets

CHF million	30.9.2019	30.9.2018
Third parties	4.7	10.4
Investments and group companies	8.0	7.7
Total	**12.7**	**18.1**

20 Intangible assets

Intangible assets contain rights of use for foreign gas supply networks and capitalised costs for software applications.

21 Trade payables

CHF million	30.9.2019	30.9.2018
Third parties	112.2	67.3
Shareholders	1.4	1.7
Investments and group companies	65.1	87.8
Total	**178.7**	**156.8**

22 Current interest-bearing liabilities

CHF million	30.9.2019	30.9.2018
Third parties	0.0	0.4
Shareholders	554.3	449.6
Investments and group companies	50.7	15.0
Total	**605.0**	**465.0**

Current liabilities and cash pool positions with related parties and banks are recognised in the balance sheet as financial liabilities.

23 Current derivative financial instruments (negative replacement values)

CHF million	30.9.2019	30.9.2018
Third parties	623.5	1 537.3
Shareholders	96.3	123.1
Investments and group companies	269.9	304.2
Total	**989.7**	**1 964.6**

24 Other current liabilities

CHF million	30.9.2019	30.9.2018
Third parties	229.1	476.6
Shareholders	–0.1	0.0
Investments and group companies	2.5	2.1
Total	**231.5**	**478.7**

25 Accrued expenses and deferred income

CHF million	30.9.2019	30.9.2018
Third parties	438.8	564.9
Shareholders	3.1	1.8
Investments and group companies	275.5	149.1
Total	**717.4**	**715.8**

Accrued expenses and deferred income mainly include payables that have not yet been charged and accruals for taxes as well as personnel-related accruals.
The offset receivables and payables included in accrued income and prepaid expenses and accrued expenses and deferred income amounted to CHF 1,514.7 million (previous year: CHF 1,758.9 million; see Note 17).

26 Non-current derivative financial instruments (negative replacement values)

CHF million	30.9.2019	30.9.2018
Third parties	779.3	1 327.0
Shareholders	33.9	78.7
Investments and group companies	448.7	456.8
Total	**1 261.9**	**1 862.5**

27 Non-current liabilities

CHF million	30.9.2019	30.9.2018
Third parties	40.4	45.3
Investments and group companies	7.1	8.6
Total	**47.5**	**53.9**

This position includes accrued day-one profits of CHF 44.6 million (previous year: CHF 47.0 million) resulting from long-term contracts, whose valuation is partly based on non-observable input data.

28 Share capital

The share capital is divided into 31,340,000 bearer shares issued with a nominal value of CHF 50 per share. Axpo Holding AG, Baden, is the sole shareholder.

29 Investments in partner plants and other associates

Note 35 "Investments" of the consolidated financial statements sets out the details of Axpo Solutions Group's direct or indirect equity interests in subsidiaries and associates.

30 Liabilities to pension funds

CHF million	30.9.2019	30.9.2018
Liabilities to pension funds	0.4	0.5
Total	**0.4**	**0.5**

31 Pledged assets

CHF million	30.9.2019	30.9.2018
Pledged cash and cash equivalents	100.6	106.5
Total	**100.6**	**106.5**

32 Contingent assets

With the entry into force of the new Energy Act, contingent assets in the amount of CHF 2.8 million exist in the form of a market premium for uncovered generation costs (see Note 33 "Other contingent liabilities, contingent assets and legal disputes", consolidated financial statements of Axpo Solutions Group).

33 Contingent liabilities

CHF million	30.9.2019	30.9.2018
Guarantees	1 162.9	819.2
Liabilities to capital payments	85.6	105.4
Total	**1 248.5**	**924.6**

Complex tax regulations at home and abroad create estimation uncertainty for Axpo Solutions AG. In addition, any changes in practice by the tax authorities in Switzerland and abroad may lead to reassessments of tax obligations. Axpo Solutions AG is subject to regular audits by the tax authorities, which may lead to different results with regard to the tax estimates or the management's judgement. Even if Axpo Solutions' management considers its tax estimates to be appropriate, the final decision on such tax audits or reviews may differ from its tax provisions and deferred liabilities. As a result, Axpo Solutions AG may be subject to additional tax liabilities, interest, penalties or regulatory, administrative or other related sanctions.

34 Leasing

CHF million	30.9.2019	30.9.2018
Up to 1 year	1.2	1.3
1 to 5 years	4.7	4.9
Exceeding 5 years	3.8	0.0
Total	**9.7**	**6.2**

This position contains off-balance-sheet liabilities from leasing transactions, similar to sales contracts, as well as unrecognised other leasing transactions.

Proposal for the appropriation of available earnings

CHF million	30.9.2019	30.9.2018
Result brought forward from previous year	–28.3	48.2
Reported net profit / Reported net loss	756.6	–76.5
Total available earnings	**728.3**	**–28.3**
The Board of Directors proposes to the General Meeting the following appropriation:		
Transfer to general legal reserve	38.0	0.0
Dividend	80.0	0.0
Profit / Loss carried forward	610.3	–28.3
Total	**728.3**	**–28.3**

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Report of the Statutory Auditor to the General Meeting of Shareholders of

Axpo Solutions AG, Baden

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of Axpo Solutions AG, as presented on pages 73 to 82, which comprise the income statement, balance sheet and notes for the year ended 30 September 2019.

Board of Directors' Responsibility
The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 30 September 2019 comply with Swiss law and the company's articles of incorporation.

Axpo Solutions AG, Baden
Report of the Statutory Auditor
on the Financial Statements
to the General Meeting of Shareholders

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Silvan Jurt
Licensed Audit Expert
Auditor in Charge

Daniel Haas
Licensed Audit Expert

Basel, 10 December 2019

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All statements in this report that are not based on historical facts are forward-looking statements. Such statements do not provide any guarantee regarding future performance. Such forward-looking statements naturally involve risks and uncertainties regarding future global economic conditions, exchange rates, legal provisions, market conditions, activities of competitors and other factors that are outside Axpo's control. Actual developments and results could deviate substantially from the statements contained in this document. Apart from its statutory obligations, Axpo Solutions AG does not accept any obligation to update forward-looking statements.

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