
Invensys Limited

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014

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Invensys Limited

COMPANY INFORMATION

DIRECTORS

Véronique Blanc
Trevor Lambeth
Clemens Blum
Nicholas Vlieghe
Peter Wexler
Tanuja Randery
Emmanuel Babeau

COMPANY SECRETARY

Invensys Secretaries Limited

REGISTERED NUMBER

166023

REGISTERED OFFICE

2nd Floor
80 Victoria Street
London
SW1E 5JL

INDEPENDENT AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Invensys Limited

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Invensys Limited

**STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2014**

BUSINESS REVIEW

The profit for the period, after taxation, amounted to £1 million (31 March 2014: £736 million).

With effect from 17 January 2014 the Company became a wholly owned subsidiary of the Schneider Electric group and ceased to be listed on the London Stock Exchange. With effect from 27 February 2014, the Company was reregistered from a public limited company to a private company. As a consequence of these events the principal activity of the Company during the period was to act as a holding company within the Invensys arm of the Schneider Electric group. The directors do not expect any changes in activity during the next financial year.

In order to align the Company's financial year-end with that of its ultimate parent company, Schneider Electric S.E., the Company changed its financial year-end from 31 March to 31 December. Accordingly, the financial information is presented for the 9 months ended 31 December 2014. Comparative information has been prepared for the 12 months ended 31 March 2014.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company are in respect of exposure to credit and liquidity risks.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. The Company's credit risk is principally with other group companies. The terms of inter-company financing have been set so that no inter-company liability may be demanded unless the relevant creditor, including the Company, has sufficient funds to meet that liability. Accordingly, the Company does not have to meet all such liabilities as they fall due.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets.

KEY PERFORMANCE INDICATORS

The financial key performance indicators are the results for the period as set out in the profit and loss account on page 7.

This report was approved by the board and signed on its behalf.



**Per Pro Invensys Secretaries Limited
Secretary**

Date: 1 July 2015

Invensys Limited

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2014**

The directors present their report and the financial statements for the period ended 31 December 2014.

RESULTS

The profit for the period, after taxation, amounted to £1 million (31 March 2014: £736 million).

DIRECTORS

The directors who served during the period were:

Emmanuel Babeau (appointed on 1 July 2014)
Véronique Blanc
Trevor Lambeth
Clemens Blum
Nicholas Vlieghe
Peter Wexler
Tanuja Randery (appointed on 1 March 2015)
Stuart Thorogood (resigned effective 1 March 2015)

DIRECTORS' INDEMNITY AND INSURANCE

The Company is insured under the Directors' & Officers' Liability policy arranged by its ultimate parent company, Schneider Electric S.E., which provides appropriate cover for legal actions brought against its directors or officers.

EVENTS SINCE THE END OF THE PERIOD

No significant events affecting the Company have occurred since the balance sheet date.

GOING CONCERN

The Company is financed by its parent and fellow subsidiary undertakings. The terms of intercompany financing have been set so no intercompany liability may be demanded unless the relevant creditors, including the Company, has sufficient funds to meet that liability. Accordingly, the Company does not have to meet such liability as they fall due. Consequently, the directors conclude that they consider it appropriate to adopt the going concern basis of accounting in preparing the annual financial statements of the Company.

AUDITORS

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Invensys Limited

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2014**

This report was approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to read 'H. H. H.', is positioned above the printed name of the Per Pro Invensys Secretaries limited Secretary.

**Per Pro Invensys Secretaries limited
Secretary**

Date: 1 July 2015

Invensys Limited

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2014**

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Invensys Limited

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INVENSYS LIMITED

We have audited the financial statements of Invensys Limited for the 9 month period ended 31 December 2014, set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the 9 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial 9 month period for which the financial statements are prepared is consistent with the financial statements.

Invensys Limited

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INVENSYS LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



J I Gordon (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP
Statutory Auditor
London

1 July 2015

Invensys Limited

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2014**

	Note	period ended 31 December 2014 £M	year ended 31 March 2014 £M
Other operating income/(cost)	2	1	(120)
OPERATING PROFIT/(LOSS)		1	(120)
Income from shares in group undertakings	6	-	856
Other finance charges	7	(1)	(1)
Other finance income	7	1	1
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1	736
Tax on profit on ordinary activities	8	-	-
PROFIT FOR THE FINANCIAL PERIOD	14	1	736

All amounts relate to continuing operations.

There were no recognised gains and losses for the 9 month period ended 31 December 2014 or the year ended 31 March 2014 other than those included in the Profit and Loss Account.

The notes on pages 9 to 23 form part of these financial statements.

Invensys Limited
REGISTERED NUMBER: 166023

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	31 December 2014 £M	31 March 2014 £M
FIXED ASSETS			
Investments	9	3,079	3,079
CURRENT ASSETS			
Debtors	10	37	285
CREDITORS: amounts falling due within one year	11	(700)	(700)
NET CURRENT LIABILITIES		(663)	(415)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,416	2,664
Pension liability	12	(34)	(33)
NET ASSETS		2,382	2,631
CAPITAL AND RESERVES			
Called up share capital	13	83	84
Share premium account	14	110	109
Other non-distributable reserves	14	1,675	1,674
Special reserve	14	495	495
Profit and loss account	14	19	269
SHAREHOLDERS' FUNDS	15	2,382	2,631

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Trevor Lambeth
Director

Date: 1 July 2015

The notes on pages 9 to 23 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Subsequent to the acquisition of the Invensys group by Schneider Electric on 17 January 2014, the Company changed its financial year-end from 31 March to 31 December. This change aligns the Company's financial year-end with that of its ultimate parent undertaking Schneider Electric S.E. Accordingly, the financial information is presented for the 9 months ended 31 December 2014. Comparative information has been prepared for the 12 months ended 31 March 2014.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 Going concern

The Company is financed by its parent and fellow subsidiary undertakings. The terms of intercompany financing have been set so no intercompany liability may be demanded unless the relevant creditor, including the Company, has sufficient funds to meet that liability. Accordingly, the Company does not have to meet such liabilities as they fall due. Consequently, the directors conclude that they consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements of the Company.

1.3 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.5 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences are included in the profit and loss account for the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES (continued)

1.6 Pensions

For defined benefit plans, the service cost of providing retirement benefits to employees during the period is charged to operating profit or loss in the period. The cost of providing benefits under the defined benefit schemes is determined separately for each scheme using the projected unit credit actuarial valuation method. The full cost of providing amendments to benefits in respect of past service that vests immediately is also charged to operating profit or loss in the period. The net surplus or deficit on defined benefit pension schemes is reported on the balance sheet within the pension asset or liability.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

1.7 Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax, in the future, with the following exception:

Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

1.8 Borrowing costs

Borrowing costs are recognised as an expense when incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES (continued)

1.9 Share-based payment

Prior to the acquisition of the Invensys group by Schneider Electric on 17 January 2014 the Company operated various equity-settled and cash-settled share schemes. For equity-settled share options, the services received from employees were measured by reference to the fair value of the share options. The fair value was calculated at grant date using a valuation model and recognised in the profit and loss account, together with a corresponding increase in shareholders' equity, on a straight-line basis over the vesting period, based on an estimate of the number of options that would eventually vest. Vesting conditions, other than market conditions, were not taken into account when estimating the fair value. Market conditions were those conditions that were linked to the share price of the Company.

For equity-settled share award schemes, the fair value was calculated based on the share price at the grant date and, where applicable, any market vesting conditions, and expensed over the vesting period based on the number of shares expected to vest. No expense was recognised for awards that did not ultimately vest, except for awards where vesting was conditional upon a market or non-vesting condition; which were treated as vesting irrespective of whether or not the market or non-vesting condition was satisfied, provided that all other performance or service conditions were satisfied.

The financial effect of share options and awards over its equity shares granted to employees of subsidiary undertakings were recognised by the Company in its individual financial statements. In particular, the Company recorded an increase in its investment in subsidiaries with a credit to equity equivalent to the FRS 20 cost in subsidiary undertakings.

Where the terms of an equity-settled transaction award were modified, the minimum expense recognised was the expense as if the terms had not been modified, if the original terms of the award were met. An additional expense was recognised for any modification that increased the total fair value of the share-based payment transaction, or was otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award was cancelled, it was treated as if it vested on the date of cancellation, and any expense not yet recognised for the award was recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee were not met. However, if a new award was substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards were treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards were treated equally.

For cash-settled share awards, the services received from employees were measured at the fair value of the liability and recognised in the profit and loss account on a straight-line basis over the vesting period. The fair value of the liability was remeasured at each reporting date and at the date of settlement with changes in fair value recognised in the profit and loss account.

In accordance with the transitional arrangements in FRS 20 (IFRS 2), Share-based Payment, the requirements of FRS 20 have not been applied to equity instruments granted on or before 7 November 2002 and those vesting before 1 January 2005.

1.10 Dividend income

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

Invensys Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES (continued)

1.11 Debt instruments

Borrowings are stated at net proceeds received after deduction of issue costs. The issue costs of debt instruments are amortised over the life of the instrument using the effective interest rate method.

2. OTHER OPERATING INCOME/(COST)

	period ended 31 December 2014 £M	year ended 31 March 2014 £M
Pension credits/(costs)	1	(120)

On 2 May 2013 on receipt of proceeds from the sale of Invensys Rail, Invensys paid £225 million into a reservoir trust in favour of the Invensys UK Pension Scheme. The Reservoir Trust Deed contained a mechanism for future payments to be made from the reservoir trust to either the pension trustee or the Company dependent on the funding position of the scheme, commencing in 2018.

Following the purchase of the Invensys group by Schneider Electric it was agreed that Schneider Electric would guarantee all obligations of the Invensys subsidiaries which participate in the Invensys UK Pension Scheme up to a maximum of £1.75 billion. Following the issuance of this guarantee, agreement was made to divide the assets of the reservoir trust between the Invensys UK Pension Scheme and Invensys in equal proportions. This has resulted in a refund of £105 million to Invensys in March 2014, treated as a negative company contribution.

3. AUDITOR'S REMUNERATION

Fees paid to the Company's auditors for the audit of the accounts were £0.1 million (31 March 2014: £0.1 million) and non-audit services were £0.1 million (31 March 2014: £0.5 million). These costs are borne by BTR Industries Limited.

4. EMPLOYEE COSTS

The Company has no employee costs (31 March 2014: £nil).

Invensys Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

5. DIRECTORS' REMUNERATION

The aggregate remuneration of the directors was follows:

	period ended 31 December 2014 £M	year ended 31 March 2014 £M
Emoluments	-	5
Amounts receivable under long-term incentive plans	-	4
Compensation for loss of office	-	2
	<u>-</u>	<u>11</u>

The directors appointed since the acquisition of the Company by Schneider Electric did not receive any remuneration in respect of qualifying services.

The highest paid director in the year ended 31 March 2014 received remuneration of £2,082,761 and amounts under long-term incentive plans including amounts received in cash of £2,121,005 and shares with a value of £8,069,582.

In the period ended 31 December 2014 £nil was received in either cash or shares by the directors. In the year ended 31 March 2014 amounts receivable under long-term incentive plans included amounts received in cash of £4,405,160 included in the table above and shares with a value of £14,839,575.

In the period ended 31 December 2014 there were no retirement benefits accrued to any directors (31 March 2014: 2 directors) in respect of defined benefit pension schemes.

6. INCOME FROM INVESTMENTS IN SUBSIDIARIES

	period ended 31 December 2014 £M	year ended 31 March 2014 £M
Dividends received	-	856

7. OTHER FINANCE INCOME/(COST)

	period ended 31 December 2014 £M	year ended 31 March 2014 £M
Other finance charges	(1)	(1)
Other finance income	1	1
	<u>-</u>	<u>-</u>

Other finance charges are interest on pension liabilities in the period. Other finance income represents pension costs recharged to UK companies that participate in the UK unfunded defined benefit pension scheme.

Invensys Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

8. TAXATION

i) Analysis of tax (credit)/charge

	31 December 2014 £M	31 March 2014 £M
UK Corporation tax charge on profit for the period	-	-

ii) Factors affecting tax (credit)/ charge

The UK corporation tax credit on loss for the year differs from the standard rate of corporation tax in the UK of 21% (31 March 2014: 23%). The differences are explained below:

	period ended 31 December 2014 £M	year ended 31 March 2014 £M
Profit on ordinary activities before tax	1	736
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (31 March 2014: 23%)	-	169
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	28
Pension spreading	(3)	-
Share scheme deduction	(1)	(6)
Dividends from UK companies	-	(197)
Non-trade loan relationship deficit carried forward	-	2
Group relief	9	-
Management expenses	-	9
Uk to UK transfer pricing adjustments	(5)	(5)
Current tax charge for the period (see note above)	-	-

Invensys Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

8. TAXATION (continued)

iii) Factors that may affect future tax charges

As a UK resident company in the Schneider Electric group the Company is eligible to surrender UK group relief to, or claim UK group relief from, other Schneider Electric group companies. These claims and/or surrenders may be made with or without charge.

Deferred Taxation

Deferred tax assets not recognised in the balance sheet are as follows:

	period ended 31 December 2014 £M	year ended 31 March 2014 £M
Short term timing differences	21	7
Revenue losses	19	10
Capital losses	10	10

The deferred tax assets have not been recognised since there is no persuasive evidence that there will be suitable taxable profits against which the timing differences will reverse. It is likely that the assets will be recoverable once suitable taxable profits are generated.

The standard rate of UK corporation tax will reduce to 20% from 1 April 2015. Deferred tax not recognised has therefore been calculated using the standard rate of UK corporation tax of 20% (31 March 2014: 20%).

9. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £M
Cost	
Cost	3,082
	<hr/>
Provision	3
	<hr/>
Net book value	
At 31 December 2014	3,079
	<hr/> <hr/>
At 31 March 2014	3,079
	<hr/> <hr/>

The investments in subsidiary undertakings have been subjected to an impairment review. No impairment has arisen in the period.

Invensys Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

9. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertakings

The direct subsidiaries of the Company are:

Name	Holding %	Country of incorporation
Invensys Group Limited	100	England & Wales
Invensys India Private Limited	99.999957	England & Wales

The following are the principal indirect subsidiary undertakings of the Company within the Schneider Electric group:

Name	Holding %	Country of incorporation
<i>Holding companies</i>		
BTR Industries Limited	100	England & Wales
Invensys Group Holdings Limited	100	England & Wales
Invensys Group Limited	100	England & Wales
Invensys Holding France SAS	100	France
Invensys Holdings Limited	100	England & Wales
Invensys International Holdings Limited	100	England & Wales
<i>Operating companies</i>		
Eckardt SAS	100	France
Eliwell Controls Srl	100	Italy
Eurotherm Automation SASU	100	France
Eurotherm Limited	100	England & Wales
Foxboro Scada Srl	100	Italy
IMServ Europe Limited	100	England & Wales
Invensys Controls UK Limited	100	England & Wales
Invensys India Private Limited	100	India
Invensys Korea Limited	100	Korea
Invensys Middle East FZE	100	UAE
Invensys Process Systems Japan Inc.	100	Japan
Invensys Process Systems LLC	100	Russia
Invensys Process Systems (Australia) Pty Limited	100	Australia
Invensys Process Systems (S) Pte Limited	100	Singapore
Invensys Saudi Arabia Company Limited	100	Saudi Arabia
Invensys Systems Brasil Ltda	100	Brazil
Invensys Systems Canada Inc.	100	Canada
Invensys Systems France SASU	100	France
Invensys Systems Italia SpA	100	Italy
Invensys Systems Kazakhstan LLP	100	Kazakhstan
Invensys Systems (UK) Limited	100	England & Wales
Invensys Systems Mexico SA	100	Mexico
Invensys Systems Nigeria Limited (now known as Schneider Electric Systems Nigeria Limited)	100	Nigeria

Invensys Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

10. DEBTORS

	31 December 2014 £M	31 March 2014 £M
Amounts owed by subsidiary undertakings	37	180
Amounts owed by other related parties	-	105
	<u>37</u>	<u>285</u>

**11. CREDITORS:
Amounts falling due within one year**

	31 December 2014 £M	31 March 2014 £M
Amounts owed to subsidiary undertakings	699	699
Other creditors	1	1
	<u>700</u>	<u>700</u>

Previous committed bond and guarantee facilities for £500 million were cancelled on 11 April 2014 and transferred to new uncommitted facilities; £140 million to cover the transfer of outstanding guarantees from the cancelled facility of £500 million and £30 million for new guarantees on behalf of certain subsidiaries of the Company. The new facilities are uncommitted facilities that can be cancelled by the bank with 90 days notice. The bank reviews the facilities annually.

12. PENSION LIABILITY

	31 December 2014 £M	31 March 2014 £M
Pension liability	34	33

Invensys Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

12. PENSION LIABILITY (continued)

The Company operates one unfunded defined benefit pension scheme. The last full valuation of the scheme on an FRS 17 (IAS 19) basis has been updated to 31 December 2014, to reflect market conditions and material events in the plan.

Unfunded defined benefit scheme

The major assumptions relating to the unfunded scheme are:

	31 December 2014 %	31 March 2014 %
Major assumptions		
Rates of increase in salaries	3.75	4.75
Rate of increase to pensions in payment	3.50	3.60
Discount rate for scheme liabilities	4.00	4.30
Inflation rate	2.50	3.50

The rate of increase for UK deferred pensions was 1.75% (31 March 2014: 2.50%).

The inflation rate is based on RPI. An additional inflation rate assumption for CPI of 1.50% is used to reflect the UK Government's change of the inflation measure used to determine minimum pension increases.

Standard SAPS actuarial mortality tables S1PA were applied. Based on scheme experience, the probability of death at each age was multiplied by 103% for males and 113% for females. Future improvements in life expectancy have been allowed for in line with the standard CMI 2011 mortality projections subject to a long-term trend of 1.00% for males and females.

The changes in the present value of the unfunded scheme liabilities are analysed below:

	31 December 2014 £M	31 March 2014 £M
Present value of scheme liabilities at beginning of period	33	33
Current service cost	-	-
Contributions	(1)	(1)
Other finance charges	1	2
Actuarial (gain)/loss	-	(1)
Present value of scheme liabilities at end of period	34	33

History of experience adjustments

	31 December 2014 £M	31 March 2014 £M	2013 £M	2012 £M
Present value of scheme liabilities	34	33	33	31
Deficit in scheme	34	33	33	31
Experience gains on scheme liabilities	-	1	-	-

Invensys Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

12. PENSION LIABILITY (continued)

Cumulative actuarial gains and losses

The cumulative amount of actuarial gains and losses recognised since 1 April 2002 in the statement of total recognised gains and losses is a loss of £6 million (31 March 2014: £6 million).

Funded defined benefit scheme

The Company also operates the Invensys UK Pension Scheme, which covers the majority of UK employees. The Invensys UK Pension Scheme is a funded defined benefit scheme. However, the Company is unable to separately identify its share of the underlying assets and liabilities of this defined benefit scheme on a consistent and reasonable basis mainly because of the difficulty in obtaining accurate information for disposed companies and the subjective nature of any allocation basis. Therefore, the Company accounts for this scheme as a defined contribution scheme, in accordance with the provisions of FRS 17. The most recent full actuarial valuation of the defined benefit scheme was conducted as at 30 November 2014 using the projected unit credit method. The valuation of the scheme updated by the actuaries as at 31 December 2014 to reflect conditions at that date showed a surplus of £178 million.

Pension costs in respect of the Invensys UK Pension Scheme represented contributions payable in the period and amounted to £nil (31 March 2014: £nil). At 31 December 2014, the outstanding contributions included in creditors were £nil (31 March 2014: £nil).

The Invensys UK Pension Scheme closed to future accrual with effect from 31 March 2015.

Invensys Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

13. CALLED UP SHARE CAPITAL

	Number shares M	31 December 2014 £M	Number shares M	31 March 2014 £M
Ordinary shares of 25/1004p each	332,812	83	332,812	83
'B' shares of 76.7p each	-	-	1	1
	<u>332,812</u>	<u>83</u>	<u>332,813</u>	<u>84</u>

On 17 January 2014 the acquisition of the Invensys group by Schneider Electric and its wholly-owned subsidiary Samos Acquisition Company Limited was effected by means of a Scheme of Arrangement under the terms of which the Company's share capital was subdivided and reclassified, and the resulting shares subsequently cancelled under a Capital Reduction. The transactions involved were as follows:

- On 16 January 2014, 662,971,729 Ordinary Shares of 12.5 pence each, being the entire number of such shares in issue, were cancelled and 246,625,483,122 Ordinary 1A Shares of 25/1004 pence each and 86,186,324,836 Ordinary 1B Shares of 25/1004 pence each were issued.

- On 17 January 2014, the Ordinary 1A and 1B Shares were cancelled. Shareholders subsequently received consideration of 1 pence for each Ordinary 1A Share and 0.000199654 new Schneider Electric shares for each Ordinary 1B Share.

- On 17 January 2014, 332,811,807,958 new Ordinary Shares of 25/1004 pence each were issued, of which 246,625,483,122 were issued to Samos Acquisition Company Limited and 86,186,324,836 were issued to Schneider Electric. Subsequently the shares held by Schneider Electric were transferred to Samos Acquisition Company Limited.

On 10 April 2014 1,270,053 'B' shares issued by the Company as part of the return of cash (Deferred Capital Option) were redeemed at 76.7 pence per share and an aggregate payment of £974,130.65 was made to shareholders on 17 April 2014.

Shares reserved for issue under share options and awards

At the beginning of the period on 1 April 2014, 999,465 share options were outstanding under the Invensys Savings Relates Share Option Scheme (SRSOS) and Invensys Overseas Savings Related Share Option Scheme (OSRSOS) which were exercisable until 16 July 2014 at an exercise price of 246 pence per share. During the period, the Company issued 617,114 Ordinary Shares of 25/1004 pence each pursuant to the exercise of options under the SRSOS and the OSRSOS.

There were no conditional share awards or share options outstanding at 31 December 2014 (31 March 2014: nil) as all such arrangements had vested at the time of the acquisition of the Company by Schneider Electric.

Invensys Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

14. RESERVES

	Share premium account £M	Capital redempt'n reserve £M	Other reserves £M	Profit and loss account £M
At 1 April 2014	109	1,674	495	269
Profit for the period				1
Dividends declared and paid				(250)
Distribution under share options and awards	1			
Redemption of 'B' shares at nominal value		1		(1)
At 31 December 2014	<u>110</u>	<u>1,675</u>	<u>495</u>	<u>19</u>

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 December 2014 £M	31 March 2014 £M
Opening shareholders' funds	2,631	2,300
Profit for the financial period/year	1	736
Dividends (Note 16)	(250)	(405)
Redemption of 'B' shares at nominal value	(1)	-
Distribution under share options and awards	1	-
Closing shareholders' funds	<u>2,382</u>	<u>2,631</u>

16. DIVIDENDS

	period ended 31 December 2014 £M	year ended 31 March 2014 £M
Dividends paid on equity capital	<u>250</u>	<u>405</u>

17. CONTINGENT LIABILITIES

The Company has given performance guarantees to certain subsidiaries (and certain former subsidiaries prior to disposal) in the normal course of business. Counter-indemnities have been received from purchasers in the case of guarantees given in favour of former subsidiaries.

At the balance sheet date, the directors are not aware of any circumstances that may give rise to a liability to the Company under performance guarantees.

The Company is not engaged in nor (so far as the directors are aware) has pending, or is threatened by, or has against it any legal or arbitration proceedings which may have a significant effect on its financial position.

Invensys Limited

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014

18. SHARE-BASED PAYMENT PLANS

As a consequence of the acquisition of the Company by Schneider Electric, all options and awards granted under the various share schemes operated by the Company became exercisable or vested. All outstanding awards granted under the Invensys 2007 Long Term Incentive Plan, Invensys plc Restricted Share Plan and Invensys plc Deferred Share Plan became exercisable or vested on 14 January 2014 (the date the Court approved the acquisition), subject to the application of performance conditions and time pro-rating. All outstanding options granted under the Invensys Savings Related Share Option Scheme and the Invensys Overseas Savings Related Share Option Scheme became exercisable for a period of six months from 14 January 2014 and 17 January 2014 respectively (subject to the number of Invensys Shares that a participant's accrued savings (plus any applicable interest) would purchase).

(i) Measurement of fair value

Share awards

An 'adjusted market value' method of valuation, based on market value at grant date and market-based performance conditions was used to calculate the fair value of all share awards granted during the prior year.

Share-based payment expense

The Company recognised £nil (31 March 2014: £6 million) related to equity settled share-based payment transactions during the period.

Share options

The Black-Scholes option pricing model was used to calculate the fair value of all share options granted during the prior years. These options were granted under savings related share option schemes for which vesting is not dependent on market conditions. Expected volatility was based on both historical volatility of the Company's share price over the previous 10 years and on the implied volatility of traded options of the Company's shares. The expected life used in the model was adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(ii) Long-term incentives

Long-term incentives include awards granted under the Invensys 2007 Senior Executive Long Term Incentive Plan (2007 LTIP), the Invensys plc Restricted Share Plan (RSP) and the Invensys plc Deferred Share Plan (DSP).

Grants

No grants were made under the 2007 LTIP, RSP or DSP for the period ended 31 December 2014. Details of grants made during the year ended 31 March 2014 are detailed below:

	2007 LTIP	RSP	DSP
Total number of awards granted	1,136,745	100,435	349,335
Weighted average fair value (p)	335.50	n/a	400.20
Exercise price (p)	n/a	n/a	n/a
Expected volatility	40.80%	n/a	n/a
Weighted average expected award life	3.0 years	n/a	3.0 years
Expected option life	n/a	n/a	n/a
Expected dividend yield	1.13%	0%	0%
Risk free interest rate	2.09%	n/a	n/a

Invensys Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

18. SHARE-BASED PAYMENT PLANS (continued)

Awards outstanding

There are no awards outstanding as at 31 December 2014.

Details of relevant awards outstanding as at 31 March 2014 are detailed below:

	2007 LTIP	RSP	DSP
Outstanding at the beginning of the year	5,097,251	27,625	177,820
Granted during the year	1,136,745	100,435	349,335
Dividends during the year	122,654	314	8,676
Forfeited during the year	(152,086)	-	(109)
Exercised during the year	(4,265,225)	(128,374)	(535,722)
Lapsed during the year	(1,939,339)	-	-
Outstanding at the end of the year	-	-	-
Weighted average share price at the date of exercise for the options exercised (p)	<u>482.26</u>	<u>486.44</u>	<u>504.75</u>
Weighted average remaining contractual life (years)	-	-	-

19. POST BALANCE SHEET EVENTS

No significant events affecting the Company have occurred since the balance sheet date.

20. RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary of Schneider Electric S.E., a company incorporated in France, which publishes consolidated accounts, the Company has pursuant to paragraph 17 of Financial Reporting Standard No. 8: Related Party Disclosures (FRS 8) not included details of transactions with other companies which are wholly owned subsidiaries of the Schneider Electric Group. There are no other related party transactions.

21. IMMEDIATE PARENT UNDERTAKING

The immediate parent undertaking of Invensys Limited is Samos Aquisition Company Limited, a company registered in England and Wales.

22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party of Invensys Limited is Schneider Electric S.E., a company incorporated in France. The only group preparing consolidated accounts which include Invensys Limited at 31 December 2014, is Schneider Electric S.E. Copies of the accounts of Schneider Electric S.E. can be obtained from the Investor Relations Department, 35, rue Joseph Monier - CS 30323, F-92506 Rueil-Malmaison Cedex, France.