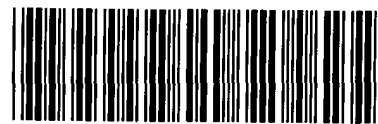


Registered number: 00739180

Schneider Electric Controls UK Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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Schneider Electric Controls UK Limited

COMPANY INFORMATION

DIRECTORS	T Lambeth M Hughes
COMPANY SECRETARY	Invensys Secretaries Limited
REGISTERED NUMBER	00739180
REGISTERED OFFICE	Schneider Electric Stafford Park 5 Telford England TF3 3BL
INDEPENDENT AUDITOR	Mazars LLP Chartered Accountants and Statutory Auditor One St Peter's Square Manchester M2 3DE

Schneider Electric Controls UK Limited

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Schneider Electric Controls UK Limited

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Business review

The profit for the year, after taxation, amounted to £4,042,000 (2017 : £5,133,000). The financial information is presented for the 12 months ended 31 December 2018 (2017: 12 months).

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

	Year ended 31 December 2018 £000	Year ended 31 December 2017 £000
Turnover	40,168	36,466
Total operating profit	4,141	5,096
Profit before taxation	4,191	5,308
Profit after taxation	4,042	5,133

Turnover increased by 10.15% to £40,168,000 and profit before tax decreased by 21%. The increase to turnover is consistent with trends in the markets in which we operate. Profit before tax decrease was due to currency impact on purchased components and increased intercompany charges including a group initiative to assess potential future environmental risks.

The Company continued to invest in developing new products, in particular, for the internet connected range.

Principal risks and uncertainties

Currency Risk

The Company procures a low value of products in foreign currency, the currency risk is managed in an appropriate way with the support of the Schneider Electric Group Treasury department.

Product liability claims

Errors and defects in the Company's products could cause injury to persons or damage to property and equipment. The Company has an established quality control function, and if an event occurs, there are processes to investigate and manage the occurrence. The Company participates in the Schneider Electric risk management and insurance programme.

Market Risk

The Company's business performance is heavily dependent on the UK Construction sector and in particular social housing budgets. Distressed purchases are also strongly affected by the duration and severity of the UK winter. The Company has a strong market position and regularly identifies and pursues new sources of business to mitigate any negative market development.

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


T Lambeth
Director

Date: 9 July 2019

Schneider Electric Controls UK Limited

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY

The principal activity of the Company during the year continued to be the manufacture and sale of heating controls.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £4,042,000 (2017 - £5,133,000).

The directors do not recommend the payment of a dividend in respect the year ended 31 December 2018 (2017: £60,000,000). The preference shareholder has waived the right to the dividend accruing in the year.

DIRECTORS

The directors who served during the year were:

T Lambeth
P Wexler (resigned 17 December 2018)
M Hughes

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

FUTURE DEVELOPMENTS

The Company continues to pursue purchasing and product design efficiencies to compensate for increasing commodity prices.

The Directors have considered the impact of Brexit, the specific risks for the Company cannot be established due to the uncertainty in how the UK economy will be affected. The Directors will continue to monitor the situation closely.

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

It is Company policy in respect of its suppliers to develop long term relationships with them which includes making payment consistent with established practices agreed with suppliers and ensuring that they are aware of the terms of payment and that such terms are followed.

RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development continues towards the introduction of advanced controls to produce energy saving controls in the future. Costs relating to the development of underfloor heating systems were capitalised. All other research and development costs incurred were written off against operating profit in the year.

EMPLOYEE INVOLVEMENT

Information concerning employees and their remuneration is given in note 7. The Company seeks to ensure that fair consideration is given to applications for employment received from disabled persons and to ensure continued employment, training and advancement where possible of employees who are or become temporarily or permanently disabled.

The Company also recognises the need to provide information on matters of concern to employees. To satisfy that need, the Company regularly communicates performance data to employees and background information concerning the market in general.

DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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 auditor is aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.


Schneider Electric Controls UK Limited

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

AUDITOR

The auditor, Mazars LLP, will be proposed for reappointment in accordance with Part 15 of the Companies Act 2006.

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



T Lambeth
Director

Date: 9 July 2019

Schneider Electric Controls UK Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCHNEIDER ELECTRIC CONTROLS UK LIMITED

Independent auditor's report to the members of Schneider Electric Controls UK Limited

Opinion

We have audited the financial statements of Schneider Electric Controls UK Limited (the "Company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 3.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are

Schneider Electric Controls UK Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCHNEIDER ELECTRIC CONTROLS UK LIMITED

authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Schneider Electric Controls UK Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCHNEIDER ELECTRIC CONTROLS UK LIMITED

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

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



Tim Hudson (Senior Statutory Auditor)

for and on behalf of
Mazars LLP

Chartered Accountants and Statutory Auditor

One St Peter's Square
Manchester
M2 3DE

Date: *8 August 2019.*

Schneider Electric Controls UK Limited

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Turnover	4	40,168	36,466
Cost of sales		(29,520)	(25,188)
GROSS PROFIT		10,648	11,278
Administrative expenses		(6,571)	(6,598)
Other operating income		64	416
OPERATING PROFIT	5	4,141	5,096
Interest receivable and similar income	9	50	212
PROFIT BEFORE TAX		4,191	5,308
Tax on profit	10	(149)	(175)
PROFIT FOR THE FINANCIAL YEAR		4,042	5,133
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,042	5,133

The notes on pages 11 to 30 form part of these financial statements.

Schneider Electric Controls UK Limited
REGISTERED NUMBER: 00739180

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
FIXED ASSETS			
Intangible assets	12	220	2
Tangible fixed assets	13	4,908	4,762
Deferred tax	19	580	673
		<u>5,708</u>	<u>5,437</u>
CURRENT ASSETS			
Stocks	14	3,355	3,593
Debtors: amounts falling due within one year	15	15,415	14,375
Cash at bank and in hand	16	9,473	5,296
		<u>28,243</u>	<u>23,264</u>
Creditors: amounts falling due within one year	17	(13,820)	(13,113)
		<u>14,423</u>	<u>10,151</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>20,131</u>	<u>15,588</u>
PROVISIONS FOR LIABILITIES			
Provisions	20	(696)	(195)
		<u>(696)</u>	<u>(195)</u>
NET ASSETS		<u>19,435</u>	<u>15,393</u>
CAPITAL AND RESERVES			
Called up share capital	21	29	29
Capital redemption reserve		73	73
Profit and loss account		19,333	15,291
		<u>19,435</u>	<u>15,393</u>

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

T Lambeth
Director

Date: 9 July 2019

The notes on pages 11 to 30 form part of these financial statements.

Schneider Electric Controls UK Limited

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2018	29	73	15,291	15,393
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	4,042	4,042
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	4,042	4,042
AT 31 DECEMBER 2018	29	73	19,333	19,435

The notes on pages 11 to 30 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2017	29	73	70,158	70,260
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	5,133	5,133
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	5,133	5,133
Dividends: Equity capital	-	-	(60,000)	(60,000)
TOTAL TRANSACTIONS WITH OWNERS	-	-	(60,000)	(60,000)
AT 31 DECEMBER 2017	29	73	15,291	15,393

The notes on pages 11 to 30 form part of these financial statements.

Schneider Electric Controls UK Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

The financial statements of Schneider Electric Controls UK Limited (the "Company") for the year ended 31 December 2018 were authorised for issue by the board of directors on 9 July 2019 and the statement of financial position was signed on the board's behalf by Trevor Lambeth. Schneider Electric Controls UK Limited is incorporated and domiciled in England and Wales.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The results of Schneider Electric SE are available from the Investor Relations Department, 35, Rue Joseph Monier - CS 30323, F-92506 Rueil-Malmaison, Cedex, France.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

For certain disclosure exemptions listed above the equivalent disclosures are included in the consolidated financial statements of Schneider Electric SE, which are available to the public and can be obtained as set out in note 27.

2.3 Adoption of new and revised standards

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the Company's financial statements.

Endorsed	EU effective date - periods beginning on or after
Amendments to IFRS 9 Financial Instruments	1 January 2018
Amendments to IFRS 15 Revenue contracts with customers	1 January 2018
Conceptual framework for Financial Reporting 2018	1 March 2018
Amendments regarding the interaction of IFRS 4 and IFRS 9	1 January 2018
Annual improvements to IFRSs 2014-2016 cycle (clarifying certain fair value measurements)	1 January 2018

2.4 Impact of new international reporting standards, amendments and interpretations

IFRS 9

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 9 from 1 January 2018.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.4 Impact of new international reporting standards, amendments and interpretations (continued)

IFRS 15

From 1 January 2018, the Company has applied IFRS 15 using the cumulative effect method.

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 15 from 1 January 2018.

2.5 Going concern

The directors have prepared their financial statements on a going concern basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The business has strong cash and reserves and a favourable net asset position which is considered to be sufficient to meet short term working capital requirements and the impact of strategic investment plans.

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.7 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2.8 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.9 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.10 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Research and development

Research and development expenditure is written off in the year in which it is incurred, except that development expenditure on an individual project is carried forward when its future recoverability can be reasonably regarded as assured.

2.13 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on the following basis:

Computer software	-	10% - 25%
Research & development	-	20%

Amortisation of Research & development costs commences when the product becomes commercially available to customers.

2.14 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives using the straight line method on the following bases:

Short term leasehold building	-	10%
Plant and machinery	-	10% - 20%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

Computer software systems	-	10%
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The assets' residual values, useful lives and depreciation methods are reviewed regularly, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

In 2016 the directors re-assessed the depreciation rates of certain asset categories and revised their useful lives. The resulting increase to depreciation was wholly allocated to plant and machinery in the balance sheet, however, the depreciation should have been apportioned between plant and machinery and land and buildings. The opening net book value of each asset category has been restated in these accounts to disclose the correct split of this adjustment to depreciation. There is no impact to profit or the total carrying value of tangible fixed assets.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 Debtors

Short term debtors are measured at transaction price, less any expected credit loss (ECL). Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any ECL.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.18 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.20 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.20 Financial instruments (continued)

is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed.

Accruals

The company makes accruals for contract support commitments based upon historic information. Accrual balances are adjusted upon receipt of claim from the customer. The balance included within accruals at 31 December 2018 is £5,900,000 (2017: £5,985,000).

Schneider Electric Controls UK Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Turnover

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	34,876	32,924
Rest of Europe	5,268	3,444
Rest of the world	24	98
	<u>40,168</u>	<u>36,466</u>

Turnover relates only to the sale of goods.

5. Operating profit

The operating profit is stated after charging:

	2018 £000	2017 £000
Research & development charged as an expense	2,362	2,772
Depreciation of tangible fixed assets	1,210	1,057
Amortisation of intangible assets	2	-
Defined contribution pension cost	1,019	947
Inventories recognised as an expense	19,368	15,908
	<u>23,961</u>	<u>20,684</u>
Operating lease payments		
- minimum lease payments	<u>677</u>	<u>703</u>

6. Auditor's remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company.

	2018 £000	2017 £000
Fees for the audit of the Company	25	27
	<u>25</u>	<u>27</u>

Schneider Electric Controls UK Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Employees

Staff costs were as follows:

	2018	2017
	£000	£000
Wages and salaries	8,069	7,531
Social security costs	733	740
Cost of defined contribution pension scheme	1,019	947
	9,821	9,218

The average monthly number of employees, including the directors, during the year was as follows:

	2018	2017
	No.	No.
Marketing and distribution	27	28
Production	163	153
Technical	34	34
Finance and administration	7	7
	231	222

8. Directors' remuneration

The Company has not paid any directors' remuneration during the year (2017: £Nil)

9. Interest receivable

	2018	2017
	£000	£000
Other interest receivable	50	212
	50	212

Schneider Electric Controls UK Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	-	-
Adjustments in respect of previous periods	56	41
	<u>56</u>	<u>41</u>
Total current tax	<u>56</u>	<u>41</u>
Deferred tax		
Origination and reversal of timing differences	90	130
Prior year deferred tax	3	4
Total deferred tax	<u>93</u>	<u>134</u>
Taxation on profit on ordinary activities	<u>149</u>	<u>175</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	4,191	5,308
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	796	1,022
Effects of:		
Expenses not deductible for tax purposes	7	14
Pension spreading relief	-	(676)
Change in tax rate	(10)	(17)
Deferred tax prior period adjustment	3	4
Group relief	(647)	(172)
Total tax charge for the year	<u>149</u>	<u>175</u>

Schneider Electric Controls UK Limited

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. Taxation (continued)

Factors that may affect future tax charges

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

The UK corporation tax rate reduced to 19% from 1 April 2017 and will further reduce to 17% from 1 April 2020. The reduction to 17% was announced in the March 2016 Budget and was substantively enacted on 6 September 2016 and this is the rate at which deferred tax has been provided.

11. Dividends

	2018 £000	2017 £000
Dividends paid during the year £Nil per share (2017: £2,066.90)	-	60,000
	-	60,000

Schneider Electric Controls UK Limited

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Intangible assets

	Research and Development £000	Computer Software £000	Total £000
Cost			
At 1 January 2018	-	109	109
Additions	220	-	220
At 31 December 2018	220	109	329
Amortisation			
At 1 January 2018	-	107	107
Charge for the year	-	2	2
At 31 December 2018	-	109	109
Net book value			
At 31 December 2018	220	-	220
At 31 December 2017	-	2	2

Assets under construction at 31 December 2018 were £220,000 (2017: £Nil).

Schneider Electric Controls UK Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Tangible fixed assets

	Land & Buildings £000	Plant & machinery £000	Total £000
Cost			
At 1 January 2018	2,339	16,930	19,269
Additions	-	1,356	1,356
Disposals	-	(25)	(25)
At 31 December 2018	<u>2,339</u>	<u>18,261</u>	<u>20,600</u>
Depreciation			
At 1 January 2018	1,165	13,342	14,507
Charge for the year	111	1,099	1,210
Reclassifications	580	(580)	-
Disposals	-	(25)	(25)
At 31 December 2018	<u>1,856</u>	<u>13,836</u>	<u>15,692</u>
Net book value			
At 31 December 2018	<u>483</u>	<u>4,425</u>	<u>4,908</u>
At 31 December 2017	<u>1,174</u>	<u>3,588</u>	<u>4,762</u>

The net book value of land and buildings may be further analysed as follows:

	2018 £000	2017 £000
Short-term leasehold	<u>483</u>	<u>1,174</u>
	<u>483</u>	<u>1,174</u>

Schneider Electric Controls UK Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. Stocks

	2018 £000	2017 £000
Raw materials and consumables	2,790	3,171
Finished goods and goods for resale	565	422
	<u>3,355</u>	<u>3,593</u>

The value of stock provision at 31 December 2018 was £375,000 (2017: £317,000).

The difference between purchase price or production cost of stocks and their replacement cost is not material.

15. Debtors

	2018 £000	2017 £000
Due after more than one year		
Deferred tax asset	580	673
	<u>580</u>	<u>673</u>
Due within one year		
Trade debtors	12,939	11,964
Amounts owed by group undertakings	2,395	2,151
Other debtors	26	21
Prepayments and accrued income	55	239
	<u>15,415</u>	<u>14,375</u>

16. Cash and cash equivalents

	2018 £000	2017 £000
Bank & cash balances	9,473	5,296
Less: bank overdrafts	(798)	(760)
	<u>8,675</u>	<u>4,536</u>

Schneider Electric Controls UK Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

17. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Bank overdrafts	798	760
Trade creditors	4,829	4,248
Amounts owed to group undertakings	892	596
Other taxation and social security	707	729
Accruals	6,589	6,780
Deferred income	5	-
	<u>13,820</u>	<u>13,113</u>

Amounts owed to group undertakings are interest free and repayable on demand (2017: interest free and repayable on demand).

18. Financial instruments

	2018 £000	2017 £000
Financial assets		
Financial assets measured at fair value through profit or loss	9,473	5,296
Financial assets that are debt instruments measured at amortised cost	15,360	14,136
	<u>24,833</u>	<u>19,432</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(5,721)</u>	<u>(4,844)</u>

Financial assets measured through profit or loss are comprised of cash and cash equivalents.

Financial assets measured at amortised cost comprise of trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors and amounts owed to group undertakings.

Schneider Electric Controls UK Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. Deferred taxation

	2018 £000	2017 £000
Accelerated capital allowances	673	807
Tax losses carried forward	-	(134)
Utilised in the year	(93)	-
At end of year	580	673

The deferred tax asset is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	580	673
	580	673

20. Provisions

	Warranties £000	Environmental provision £000	Total £000
At 1 January 2018	195	-	195
Charged to profit or loss	161	469	630
Utilised in year	(129)	-	(129)
At 31 December 2018	227	469	696

Warranties

Warranty provision is to cover expected returns from parts sold which are still within the contractual warranty period, which varies by customer. The provision is expected to be utilised in 18 months.

Environmental Provision

Environmental provision is to cover site investigation, and risk assessment and sampling. The provision is expected to be utilised over the next 10 years.

Schneider Electric Controls UK Limited

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

21. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
2,900 (2017 - 2,900) Ordinary shares of £0.01 each	-	-
2,900,000 (2017 - 2,900,000) 2% Non cumulative preference shares of £0.01 each	29	29
	<u>29</u>	<u>29</u>

The preference shares carry a dividend of 2% per annum in priority to the payment of any dividend to holders of ordinary shares. The dividend rights are non-cumulative. The preference shares carry no right to attend or vote at meetings of the Company.

On a winding up of the Company the preference shareholder has a right to receive in preference to payment to ordinary shareholders, the capital paid up on the preference shares but without any further right to participate in profits or assets of the Company.

The preference shareholder has waived the right to the dividend accruing in the year.

22. Capital commitments

At 31 December 2018 the Company had capital commitments as follows:

	2018 £000	2017 £000
Contracted for but not provided in these financial statements	137	95
	<u>137</u>	<u>95</u>

Capital commitments represent the expected liability for purchasing fixed assets where the asset was not received prior to the end of the financial year.

Schneider Electric Controls UK Limited

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

23. Pension commitments

Defined contribution pension plan

Employees are given the opportunity to join the main defined contribution scheme operated by the Schneider Electric Group in the UK, the Schneider Electric DC Trust, which is a money purchase scheme.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

The pension scheme charge represents the amounts payable by the Company to the defined contribution scheme in respect of the year.

Pension costs charged in the year represent contributions payable and amounted to £1,019,000 (2017: £947,000).

24. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Land & Buildings		
Not later than 1 year	576	570
Later than 1 year and not later than 5 years	2,304	2,280
Later than 5 years	2,162	2,709
	<u>5,042</u>	<u>5,559</u>
	2018 £000	2017 £000
Other		
Not later than 1 year	49	76
Later than 1 year and not later than 5 years	65	105
Later than 5 years	-	1
	<u>114</u>	<u>182</u>

25. Related party transactions

The company is a wholly owned subsidiary of Schneider Electric SE and has taken advantage of the exemption conferred by Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) not to disclose transactions with Schneider Electric SE or its subsidiaries.

Schneider Electric Controls UK Limited

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

26. Post balance sheet events

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

27. Controlling party

The immediate parent undertaking of Schneider Electric Controls UK Limited is Invensys Group Holdings Limited, a company registered in England and Wales.

The smallest and largest group in which the financial statements of the company are consolidated is that headed by the ultimate parent undertaking and ultimate controlling party, Schneider Electric SE, a company incorporated in France. Copies of the accounts of Schneider Electric SE can be obtained from Schneider Electric SE, 35, Rue Joseph Monier, F-92500 RUEIL MALMAISON, France.

The statutory accounts for Schneider Electric SE can be accessed at the following website address: <http://www.schneider-electric.com/en/about-us/investor-relations/>.