
Schneider Electric Controls UK Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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Schneider Electric Controls UK Limited

COMPANY INFORMATION

Directors	K J Becker A Sage (appointed 15 February 2022)
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 2021

Business review

The directors present their strategic report for the year ended 31 December 2021. The profit for the year, after taxation, amounted to £7,882,000 (2020: £4,087,000).

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

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Turnover	44,063	38,205
Total operating profit	7,789	4,355
Profit before taxation	7,715	4,283
Profit after taxation	7,882	4,087

All turnover relates to a single business segment for the design, manufacture and sale of residential heating controls.

Turnover increased by 15.33% to £44,063,000 (2020: £38,205,000) and profit after tax significantly increased by 92.9% to £7,882,000 (2020: £4,087,000). The increase in turnover was the result of a strong recovery compared to 2020 which had been significantly impacted due to the pandemic. The growth in Q2 is particularly strong since this was the quarter most impacted by Covid in 2020. The increase in profit was the result of much higher sales and good coverage of our fixed costs, the gross profit % increased by 550bps. As in previous years the Company continues to invest in developing new products with further extensions to our connected ranges.

Other key performance indicators

Customer satisfaction is monitored by customer service teams with feedback from customer surveys. This is reported monthly and is used as the basis for continuous improvement actions and to adapt and improve our products to better deliver to the market.

Employee satisfaction is monitored through the use of a survey sent to all employees the results of which are used to improve the satisfaction and wellbeing of our workforce. The company has approximately 245 employees and retains a strong commitment to these people, recognising the importance of the workforce in meeting customer needs. Managers are focused on the development of people, increasing skills, motivation and commitment.

Qualifying third party indemnity provisions

The ultimate parent company (note 31) made provision throughout the year for all directors' indemnity.

Schneider Electric Controls UK Limited

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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.

Covid-19

Production has continued throughout the pandemic and, as commented in the Business Review, we see good sales growth. Availability and cost of components started to be a significant challenge from September onwards, an issue shared with many of our competitors. This led to higher raw material prices and freight costs and to us having a significant backlog in orders being converted to sales at the end of 2021.

Sourcing of materials and price management

Components are sourced from third party suppliers most managed locally with some support from dedicated purchasing and quality audit teams in the wider Schneider Electric business. Availability and costs of components is a key risk across many types of material but particularly electronic components. Through the professionalism of the teams supplies have been maintained but often at higher prices. The aim of our internal purchase price variance reviews is to determine what cost prices are charged to customers. The procedure is designed to offset material inflation and protect margins.

Environmental, social and governance

Team turnover within Plymouth is relatively low; we do see an increased time to recruit due to the tight labour market but this is not impacting the businesses in any meaningful way.

Exposure to price, credit and liquidity risk

The Company is reliant on certain manufacturers for supplies and future prices are uncertain. 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. To minimise the risk, strict credit terms are adhered to and deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. 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.

The war in Ukraine is having little direct impact since our business is focused in the UK, however, the collateral impact on energy prices etc is something we are managing within the cost base.

Schneider Electric Controls UK Limited

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' statement of compliance with Section 172(1)

S172(1) of the Companies Act sets out the duties of each director of a company to act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of shareholders as a whole and in doing so, have regard to a number of broader matters which are set out below:

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

The directors of Schneider Electric Controls UK Ltd have created an Executive committee to make strategic decisions on behalf of the Company and to manage the Company on a day to day basis. In making these decisions the Executive Committee will consider their legal duty and also the priorities and requirements of the sole shareholder, the Schneider Electric SE Group. The Chair of the Executive Committee is the Managing Director, R Volpe and comprises the head of each support function. This Committee meets monthly to discuss and prioritise actions to benefit the Company and its stakeholders.

- (a) the likely consequences of any decision in the long term;

The strategic decisions of the Schneider Electric Group influence the decisions taken by the Executive committee in areas such as structure of the business into cash generating units, current products ranges, research and development, supply chain, sustainability, IT infrastructure, IT tools and key internal processes. The Executive committee will adapt the Schneider Electric Group strategy for the UK market taking into account UK laws and regulations and UK customer and employee needs.

The Executive committee need to take into account the impact of any decision on the short term and long term interests of the Company and its stakeholders.

The dividend is a key decision made each year, the directors consider the ability of the Company to make a dividend taking into account the needs of the parent company and the need to support the defined benefit pension scheme.

- (b) the interests of the Company's employees;

The Executive committee recognise that employee engagement and retention is one of the most important factors in the short and long term success of the Company, this is encouraged in many ways including:

A live quarterly broadcast to all employees by the Zone President, this lasts for approximately one hour and covers topics including important topics at the time, Company results, innovative solutions developed by the Company's employees, recognition of employees who have reached milestone years of service, recognition of employees who have delivered customer service excellence.

An annual online satisfaction survey which all employees are invited to take part in. The results of which are shared anonymously with management and used to focus actions for each function and site.

Health and Safety is a priority, monthly reminders to keep safe at work and home are issued to all employees electronically, highlighting a different topic each month. Minor breaches of H&S policy are highlighted to employees on a weekly basis to prevent all levels of accident occurring and to remind employees that they must

Schneider Electric Controls UK Limited

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

prioritise the safety of themselves and their colleagues.

The Company promotes annual graduate and apprentice schemes to develop young talent, these candidates will apply for UK or worldwide roles within the Schneider Electric Group at the end of scheme. All employees are required to undertake at least one days training each year and are encouraged to go beyond this and learn every day.

(c) the need to foster the Company's business relationships with suppliers, customers and others;

The executive committee regularly visit customers to find ways to improve our offer and customer service. Customer satisfaction surveys are undertaken by third parties and the results are reviewed by Executive committee to drive customer service excellence.

The Schneider Electric Business Process Excellence team have worked with a key customer to improve the working relationship and processes for the benefit of both parties.

The Schneider Electric group has a supplier code of conduct which can be found online at this address <https://www.se.com/ww/en/about-us/suppliers/>. The Group Purchasing Teams work collaboratively with our suppliers to ensure that this code of conduct is met by suppliers. The Company's payment practice filing shows that on average third party suppliers are paid after 45 days. The standard Schneider Electric Group intercompany payment terms are 85 days.

(d) the impact of the Company's operations on the community and the environment;

Many customers and potential customers are invited to an annual innovation day to promote energy efficient solutions for all types of buildings and industries.

The Executive Committee encourage each site to support local and national charities through regular fundraising events.

The Schneider Electric group have committed to be carbon neutral by 2025. Our sustainability commitment can be found online at this address <https://www.se.com/ww/en/about-us/sustainability/>. Each quarter the Schneider Electric Group publishes 21 indicators from the Schneider Sustainability Impact, measuring progress towards its ambitious sustainability commitments for 2018 to 2021 in line with COP 21 commitments and United Nations Sustainable Development Goals.


(e) the desirability of the Company maintaining a reputation for high standards of business conduct;

There is a whistleblowing line called the Red Line on the home page of the Company intranet site which is linked into the SE Group, employees can raise issues in confidence if they are concerned about non-compliance with any policy.

Part of the employee annual training comprises business ethics on line training and reminds employees that the Executive committee requires them to comply with the Company's high standard of corporate responsibility.

There is no material impact on the Company resulting from the war in Ukraine.

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


Antoine Sage (Sep 1, 2022 12:12 GMT+1)

A Sage
Director

Date: Sep 1, 2022

Schneider Electric Controls UK Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

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 £7,882,000 (2020 - £4,087,000).

The payment of a dividend in respect the year ended 31 December 2021 was £25,000,000 (2020: £Nil).

Directors

The directors who served during the year and up to the date of signing these accounts were:

T Lambeth (resigned 31 March 2022)
K J Becker
A Sage (appointed 15 February 2022)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Future developments

Brexit has not been a major issue for the business but the directors continue to monitor this and act accordingly to meet any new regulations.

Supply availability and cost is likely to be the main concern in 2022 as we see the backlog at the end of 2021 continuing into 2022 and this is now resolved at the end of July, returning to normal levels. Price pressure is expected to continue into 2023 partly through global demand and also through energy price inflation due to the war in Ukraine.

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

Work continues in the development of advanced controls to produce energy saving controls in future. Costs relating to the development of hardware were capitalised. All other research and development costs incurred were written off against operating profit in the year.

Engagement with employees

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.

Employees benefit from a bonus scheme dependant on personal and business objectives being met, employees are also invited to join the sharesave scheme. There are monthly Town Halls which are used to share financial and KPI results and include general business updates. In addition, the company issues a yearly employee engagement survey from which improvement actions are taken. There is also an individual recognition programme where colleagues can nominate one another for awards.

Engagement with suppliers, customers and others

Engagement with suppliers, customers and others is set out in the Strategic Report on page 3.

Qualifying third party indemnity provisions

The ultimate parent company (note 31) made provision throughout the year for all directors' indemnity.

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DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 4 and note 2.4 in Accounting Policies.

The Company has considerable financial resources together with contracts across a number of customers and suppliers within the heating and plumbing industry. As a consequence the directors believe that the Company is well placed to manage its business risks successfully.

As has been the case in the past the directors' have prepared forecasts for the next 12 months based upon reasonable expectations of the economic impact on customers and suppliers and including the impact of mitigating actions that have already been implemented or could be implemented if trading conditions were not to recover as planned. The current risk posed by Covid-19 further heightens the need for robust analysis and scenario planning which as mentioned in other parts of this report have been put in place. Based upon these forecasts and expectations the directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future, being a minimum period of next 12 months. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

As mentioned in the Principal risks and uncertainties note inflation, particularly of raw materials, is high but we manage this through close reviews within the purchasing team and mitigate the impact through pricing up. The war in Ukraine is having little direct impact since our business is focused in the UK, however, the collateral impact on energy prices etc is something we are managing within the cost base.

Streamlined Energy and Carbon Reporting (SECR) Disclosure

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1, 2 and to some extent scope 3 emissions, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial year.

	Year to 31st December	
	2021	2020
Energy consumption used to calculate emissions (kWh)	2,283,596	2,436,345
Emissions from combustion of gas (Scope 1) tCO ₂ e	63	81
Emissions from combustion of fuel for transport purposes (Scope 1) tCO ₂ e	0	13
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) tCO ₂ e	29	42
Emissions from purchased electricity (Scope 2, location-based) tCO ₂ e	384	411
Total gross tCO ₂ e based on above	476	547
Intensity ratio (kgCO ₂ e/ area m ²)	36.4807	41.9221

Schneider Electric Controls UK Limited

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Energy Efficiency Action Summary

Year to 31st December 2021

The 2021-2025 Schneider Sustainability Impact (SSI) program was launched in January 2021 and is designed to boost Schneider's efforts in fighting climate change and social inequality, through 11 global transformations complemented by many local commitments. The SSI program is supplemented by the Schneider Sustainability Essentials (SSE) program, which tracks annual progress against 25 different KPIs. Collectively the SSI and SSE programs are the Group's short-term sustainability roadmap and contribution towards the 17 UN Sustainable Development Goals. Through our Carbon Pledge, Schneider Electric is also committed to being carbon neutral in operations by 2025 and net zero in operations by 2030. Further information on our sustainability programs and carbon pledge can be found at this address: <https://www.se.com/uk/en/about-us/sustainability/>.

Schneider Electric Controls UK Ltd. continues to achieve direct savings in energy and associated carbon emissions, through operational and technological improvements, including;

- Energy audits for our top energy consuming site in the UK, which are being used to identify opportunities to implement energy efficiency measures to reduce our energy demand, and as a result our emissions
- Replace our car fleet with electric vehicles as much as possible
- Contracted to move to wind generated electricity tariff for most of our UK sites by the end of 2022, currently on a biomass tariff.

Additional indirect energy and carbon emission savings have also been achieved through a range of measures, including;

- For scope 3 emissions the SE Group is actively working with its top 1,000 suppliers to help them reduce their carbon emissions. Further information on the programme can be found here: <https://www.se.com/ww/en/about-us/newsroom/news/press-releases/schneider-electric-partners-with-top-1-000-suppliers-to-help-reduce-their-operations%E2%80%99-co2-footprint-50-by-2025-607714954749685f6d5047a8>
- In 2021, SE Group's EcoStruxure solutions helped customers reduce their carbon emissions by 84 million tonnes, which amounts to 347 million tonnes saved or avoided since 2018.

Methodology notes

Reporting Period	1st of January 2021 – 31st of December 2021
Boundary (consolidation approach)	Operational approach
Alignment with financial reporting	SECR disclosure has been prepared in line with Schneider Electric Controls UK Ltd.'s annual accounts made up to 31st December 2021
Reporting method	GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
Emissions factor source	DEFRA, 2021 for all emissions factors https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021

Schneider Electric Controls UK Limited

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Conversion factor source	EPA GHG Emission Factors Hub for natural gas and gasoline (petrol) https://www.epa.gov/climateleadership/center-corporate-climateleadership-ghg-emission-factors-hub U. S. Energy Information Administration for diesel https://www.eia.gov/totalenergy/data/monthly/pdf/sec12_2.pdf
Calculation method	Activity Data x Emission Factor = GHG emissions Activity Data x Conversion Factor = kWh consumption
Other relevant information on calculation	Where applicable consumption was converted to kWh using conversion factors linked above, while emissions were calculated with the DEFRA emission factors. Transport data was calculated from litres and mileage data to kWh and GHG emissions using the method above. In the absence of the exact vehicle types average conversion factors were used to calculate emissions. Where split between petrol and diesel was not available VEH0203 UK vehicle statistics has been used. https://www.gov.uk/government/statistical-data-sets/veh02-licensed-cars
2020 Restatement	With more accurate tracking methods and control, we conducted data quality check on 2020 consumption and revised the results based on more robust and comprehensive Scope 3 and Natural Gas data. This resulted in a change in emissions from what we reported in 2020 which is attributable mainly to better quality data.
Reason for the intensity measurement choice	Based on the nature of our business as well as following the recommendations from the Environment Agency, area (m2) is the most appropriate metric for us.
Renewable Electricity	Our business uses renewable electricity generated from biomass. Currently it is not meeting the quality criteria based on the GHG protocol therefore the reported emissions will not reflect this for now. We are working towards with our supplier to meet the criteria enabling us to report lower scope 2 emissions.
Rounding	Minor difference between actual and reported GHG emissions might occur due to rounding (not more than 1%)

Statement of corporate governance arrangements

The Company follows the Wates Corporate Governance Principles for large private companies. The implementation of the six principles by the Company is noted below.

Purpose and leadership

The Company is wholly owned subsidiary of the Schneider Electric Group, the strategic decisions of the Group have a major influence on the decisions of the Company. Additional details on the Executive committee and the way it functions can be found in the Strategic Report on pages 1 to 4.

Board composition

The key decisions of the Company are made by the Executive Committee, details of the composition of the Executive Committee can be found in the Strategic Report on pages 1 to 4. The annual appraisal and goal

Schneider Electric Controls UK Limited

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

setting procedure applies to the Executive Committee members in the same way as for all other employees of the Company. The Executive Committee will take into account the needs of all stakeholders and UK regulatory requirements when implementing the Schneider Electric Group goals.

Director responsibilities

The Executive Committee meets on a monthly basis, each member of the Executive Committee has a clearly defined area of responsibility for either a cash generating unit or a support function. Many of the processes and systems of the Company are implemented by the Schneider Electric Group worldwide, local implementation is done by employees with relevant experience and qualifications.

Opportunity and risk

The Executive Committee will be guided by the Schneider Electric Group's vision when considering the impact of key decisions. More information on this is set out in the Strategic Report on pages 1 to 4.

Remuneration

The Schneider Electric group have an annual remuneration review for all employees including the Executive Committee. There are short term and long term incentive schemes created by the Schneider Electric Group which are relevant for the Executive Committee.

Stakeholder relationships and engagement

Information on this is set out in the Strategic Report on pages 1 to 4.

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

Due to a decline in sales to a significant customer the throughput on one production line was greatly reduced. An impairment review was undertaken and this asset was written down by £622k in 2022

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.


Antoine Sage (Sep 1, 2022 12:12 GMT+1)

A Sage
Director

Date: Sep 1, 2022

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 2021 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

Schneider Electric Controls UK Limited

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration 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 5, 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 the financial statements.

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

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

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

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

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

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

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition, which we pinpointed the cut-off assertion and significant one-off or unusual transactions.

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

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

Schneider Electric Controls UK Limited

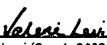
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCHNEIDER ELECTRIC CONTROLS UK LIMITED

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

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

Use of the audit report

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


Valerie Levi (Sep 1, 2022 14:29 GMT+1)

Valerie Levi (Senior Statutory Auditor)

for and on behalf of
Mazars LLP

Chartered Accountants and Statutory Auditor

One St Peter's Square
Manchester
M2 3DE

Date: Sep 1, 2022

Schneider Electric Controls UK Limited

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Turnover	4	44,063	38,205
Cost of sales		(28,995)	(27,254)
Gross profit		15,068	10,951
Administrative expenses		(7,110)	(6,455)
Loss on sale of fixed assets	15	(103)	(39)
Other operating income		482	260
Other operating charges	9	(548)	(362)
Operating profit	5	7,789	4,355
Interest receivable and similar income	10	19	34
Interest payable and similar expenses	11	(93)	(106)
Profit before tax		7,715	4,283
Tax on profit	12	167	(196)
Profit for the financial year		7,882	4,087
Other comprehensive income		-	-
Total comprehensive income for the year		7,882	4,087


The notes on pages 18 to 38 form part of these financial statements.

Schneider Electric Controls UK Limited
REGISTERED NUMBER: 00739180

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	14	1,076	947
Tangible Fixed Assets	15	6,551	7,698
		<u>7,627</u>	<u>8,645</u>
Current assets			
Stocks	16	5,592	3,831
Debtors: amounts falling due within one year	17	11,860	12,828
Deferred tax	17	627	460
Cash at bank and in hand	18	1,006	19,531
		<u>19,085</u>	<u>36,650</u>
Creditors: amounts falling due within one year	19	(12,285)	(13,191)
Net current assets		<u>6,800</u>	<u>23,459</u>
Total assets less current liabilities		<u>14,427</u>	<u>32,104</u>
Creditors: amounts falling due after more than one year	20	(2,573)	(3,055)
		<u>11,854</u>	<u>29,049</u>
Provisions for liabilities			
Provisions	23	(652)	(729)
		<u>(652)</u>	<u>(729)</u>
Net assets		<u>11,202</u>	<u>28,320</u>
Capital and reserves			
Called up share capital	24	29	29
Capital redemption reserve		73	73
Profit and loss account		11,100	28,218
		<u>11,202</u>	<u>28,320</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on Sep 1, 2022


Antoine Sage (Sep 1, 2022 12:12 GMT+1)

A Sage
Director

The notes on pages 18 to 38 form part of these financial statements.

Schneider Electric Controls UK Limited

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2021	29	73	28,218	28,320
Comprehensive income for the year				
Profit for the year	-	-	7,882	7,882
Total comprehensive income for the year	-	-	7,882	7,882
Dividends: Equity capital	-	-	(25,000)	(25,000)
At 31 December 2021	29	73	11,100	11,202

The notes on pages 18 to 38 form part of these financial statements.

The capital redemption reserve is non distributable.

A dividend of £ 8,620.69 per share was paid during the year to Invensys Group Holdings.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2020	29	73	24,131	24,233
Comprehensive income for the year				
Profit for the year	-	-	4,087	4,087
Total comprehensive income for the year	-	-	4,087	4,087
At 31 December 2020	29	73	28,218	28,320

The notes on pages 18 to 38 form part of these financial statements.

The capital redemption reserve is non distributable.

Schneider Electric Controls UK Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

The financial statements of Schneider Electric Controls UK Limited (the "Company") for the year ended 31 December 2021 were authorised for issue by the board of directors on 1 September 2022 and the statement of financial position was signed on the board's behalf by Antoine Sage. Schneider Electric Controls UK Limited is a private limited company incorporated by shares and domiciled in England and Wales. The Company's registered office is located at Stafford Park 5, Telford, Shropshire TF3 3BL.

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

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:

2.2 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.

UK-adopted and EU-endorsed

Effective date - periods beginning on or after

IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases (Amendments): Interest Rate Benchmark Reform – Phase 2

1 January 2021

IFRS 4 Insurance Contracts (Amendment): Extension of the Temporary Exemption from Applying IFRS 9

1 January 2021

IFRS 16 Leases (Amendment): Covid-19-related Rent Concessions Beyond 30 June 2021

1 April 2021

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.3 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 requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- 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

This information is included in the consolidated financial statements of Schneider Electric SE as at 31 December 2021 and these financial statements may be obtained from Schneider Electric SE, 35, Rue Joseph Monier, F-92500 RUEIL MALMAISON, France.

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 31.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.4 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 4.

The Company has considerable financial resources together with contracts across a number of customers and suppliers within the heating and plumbing industry. As a consequence the directors believe that the Company is well placed to manage its business risks successfully.

As has been the case in the past the directors' have prepared forecasts for the next 12 months based upon reasonable expectations of the economic impact on customers and suppliers and including the impact of mitigating actions that have already been implemented or could be implemented if trading conditions were not to recover as planned. The current risk posed by Covid-19 further heightens the need for robust analysis and scenario planning which as mentioned in other parts of this report have been put in place. Based upon these forecasts and expectations the directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future, being a minimum period of next 12 months. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The war in Ukraine is having little direct impact since our business is focused in the UK, however, the collateral impact on energy prices etc is something we are managing within the cost base.

2.5 Measurement and recognition of leases

Rental obligation

At the inception date of the lease, the Company recognises the lease liabilities, measured at the present value of the lease payments to be made over the term of the lease. The present value of payments is calculated mainly using the marginal borrowing rate at the contract starting date. Rental payments include fixed payments (net of rental incentives receivable), variable payments based on an index or rate and amounts that should be paid under residual value guarantees. Besides, the simplification allowing not to split services components has not been elected by the Company. Therefore, only the rents are taken into account in the lease payments. Lease payments also include, when applicable, the exercise price of a purchase option reasonably certain to be exercised by the Company and the payment of penalties for the termination of a lease, if the term of the lease takes into account the fact that the Company has exercised the termination option. Variable lease payments that are not dependent on an index or rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs. After the start date of the contract, the amount of rental obligations is increased to reflect the increase in interest and reduced for lease payments made. In addition, the carrying amount of the lease liabilities is revalued in the event of a reassessment or modification in the lease (e.g. change in the term of the lease, change in lease payments, application of annual indexation, etc.).

Right-of-use assets

The Company accounts for the assets related to the right-of-use on the start date of the lease (i.e. the date on which the underlying asset is available). Assets are measured at cost, less accumulated amortization and impairment losses, and adjusted for the revaluation of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities, initial direct costs incurred and lease payments made on or before the effective date, minus lease inducements received. Unless the Company is reasonably certain that it will become the owner of the leased asset at the end of the lease term, the recorded right-of-use assets are depreciated using the linear method over the shortest period of time between estimated life of the underlying asset and the duration of the lease. The assets related to the right-of-use are subject to depreciation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

Determining the duration of contracts

The land and buildings contracts have durations of 7 years. Vehicles and forklifts are generally contracted between 3 and 6 years. In certain geographies, the Company's land and buildings contracts offer unilateral options for termination of contracts in break clauses. Thus, in determining the length of time to be used to calculate the rental obligation, the Company determines the enforceable duration of the contract (maximum term) and takes into break clause options if they are not reasonably certain that they will extend the contract beyond the option date. This estimate is made in collaboration with the Company's Property Department, which determines the land and buildings strategy. In the majority of cases, the duration chosen is the enforceable duration of the land and buildings contracts. In addition, the Company also holds tacit renewal contracts that are not enforceable (the taker and the lessor may break the contracts by respecting a notice of less than one year). These contracts are exempted under the short-term criteria as they are non-binding beyond the notice period.

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 profit or loss 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 profit or loss within 'other operating income'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

Sales price is recorded in line with our standard price list and the typical time for payments is in line with standard payment terms.

We offer a warranty of 24 months on sales and a provision is in place for this.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 profit or loss 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 reporting 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 is charged to Administrative expenses in the income statement.

Research and development costs are capitalised where we expect to see future revenue streams from the work undertaken.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

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%
Computer software systems	-	10%

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.

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.

IFRS 9 is applied to measure expected credit losses which uses a lifetime expected credit loss for all trade receivables and contract assets. To measure expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due.

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 2021**

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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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.

Schneider Electric Controls UK Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.20 Financial instruments (continued)

Financial liabilities

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.

No material judgements were made on the useful economic life of assets.

Key sources of estimation and uncertainty

Accruals: Claimbacks and Rebates

This is a significant area of estimation uncertainty.

For each customer, a standard discount percentage is applied to the actual invoiced sales for the month. This percentage discount varies for each customer, and in many cases consists of a combination of standard volume / performance rebates, marketing/promo support and contract support (claimbacks). These are reviewed periodically with senior management to ensure the accrual percentages are aligned to on-going agreements, promotions and contract business trends. In addition, specific promotions will be accrued for as required. The balance included within accruals at 31 December 2021 is £3,533,372 (2020: £4,320,000).

Schneider Electric Controls UK Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Turnover

Analysis of turnover by country of destination:

	2021	2020
	£000	£000
United Kingdom	35,576	30,826
Rest of Europe	8,305	7,358
Rest of the world	182	21
	44,063	38,205

Turnover relates only to the sale of goods.

All turnover relates to a single business segment for the design, manufacture and sale of residential heating controls.

5. Operating profit

The operating profit is stated after charging:

	2021	2020
	£000	£000
Research & development charged as an expense	1,525	2,153
Non IFRS 16 lease expenses	16	26
Depreciation of tangible fixed assets	1,811	1,833
Amortisation of intangible assets	178	53
Exchange differences	(51)	82
Defined contribution pension cost	1,175	1,119
Inventories recognised as an expense	18,121	16,888

The management deem Schneider Electric Controls UK Limited to operate under one segment being residential temperature control therefore no segmental analysis is required.

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.

	2021	2020
	£000	£000
Fees for the audit of the Company	28	27
	28	27

Schneider Electric Controls UK Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Employees

Staff costs were as follows:

	2021 £000	2020 £000
Wages and salaries	9,075	7,991
Social security costs	1,044	815
Cost of defined contribution pension scheme	1,175	1,119
	<u>11,294</u>	<u>9,925</u>

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

	2021 No.	2020 No.
Marketing and distribution	32	30
Production	160	164
Technical	45	42
Finance and administration	7	7
	<u>244</u>	<u>243</u>

8. Directors' remuneration

The Company has not paid any directors' remuneration during the year (2020: £Nil).

9. Other operating charges

The full value of other operating charges relates to intercompany recharges to other group entities for services Schneider Electric Controls UK Limited has provided on behalf of other entities.

10. Interest receivable

	2021 £000	2020 £000
Other interest receivable	19	34
	<u>19</u>	<u>34</u>

Schneider Electric Controls UK Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Interest payable and similar expenses

	2021	2020
	£000	£000
Finance leases	93	106
	93	106

12. Taxation

	2021	2020
	£000	£000
Corporation tax		
Adjustments in respect of previous periods	-	139
	-	139
Total current tax	-	139
Deferred tax		
Origination and reversal of timing differences	(18)	33
Prior year deferred tax	(149)	24
Total deferred tax	(167)	57
Taxation on (loss)/profit on ordinary activities	(167)	196

Schneider Electric Controls UK Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - *lower than*) the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	7,715	4,283
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	1,466	814
Effects of:		
Expenses not deductible for tax purposes	(83)	10
Adjustments to due tax rate change	(4)	-
Current tax prior period adjustment	-	139
Deferred tax prior period adjustment	(149)	33
Group relief	(1,397)	(800)
Total tax charge for the year	(167)	196

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 Finance Act 2021, which increases the U.K. corporate tax main rate from 19% to 25% from April 1, 2023, was substantively enacted in May 2021.

13. Dividends

	2021 £000	2020 £000
Dividends £8,620.69 per share (2020 - £nil)	25,000	-
	25,000	-

Schneider Electric Controls UK Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Intangible assets

	Research and Development £000	Computer Software £000	Total £000
Cost			
At 1 January 2021	1,005	109	1,114
Additions	307	-	307
At 31 December 2021	<u>1,312</u>	<u>109</u>	<u>1,421</u>
Amortisation			
At 1 January 2021	58	109	167
Charge for the year on owned assets	178	-	178
At 31 December 2021	<u>236</u>	<u>109</u>	<u>345</u>
Net book value			
At 31 December 2021	<u>1,076</u>	<u>-</u>	<u>1,076</u>
At 31 December 2020	<u>947</u>	<u>-</u>	<u>947</u>

Schneider Electric Controls UK Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Tangible fixed assets

	Land & Buildings £000	Plant & machinery £000	Right-of-use assets £000	Total £000
Cost				
At 1 January 2021	2,339	20,149	4,497	26,985
Additions	17	732	34	783
Disposals	-	(161)	(30)	(191)
At 31 December 2021	<u>2,356</u>	<u>20,720</u>	<u>4,501</u>	<u>27,577</u>
Depreciation				
At 1 January 2021	2,060	16,194	1,033	19,287
Charge for the year on owned assets	88	1,203	-	1,291
Charge for the year on right-of-use assets	-	-	520	520
Disposals	-	(58)	(14)	(72)
At 31 December 2021	<u>2,148</u>	<u>17,339</u>	<u>1,539</u>	<u>21,026</u>
Net book value				
At 31 December 2021	<u>208</u>	<u>3,381</u>	<u>2,962</u>	<u>6,551</u>
At 31 December 2020	<u>279</u>	<u>3,955</u>	<u>3,464</u>	<u>7,698</u>

Assets under construction at 31 December 2021 were £210,000 (2020: £633,000).

The write off of tooling relates to a research and development project which was cancelled and no other use could be found for the assets.

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

	2021 £000	2020 £000
Short-term leasehold	<u>208</u>	<u>279</u>
	<u>208</u>	<u>279</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Tangible fixed assets (continued)

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of Financial Position is as follows:

	2021 £000
Tangible fixed assets owned	3,589
Right-of-use tangible fixed assets	2,962
	<u>6,551</u>

Information about right-of-use assets is summarised below:

	Land and buildings £000	Motor vehicles £000	Total £000
Net book value at 1 January 2021	3,445	19	3,464
Additions	-	34	34
Disposals	-	(30)	(30)
Depreciation charge	(511)	(9)	(520)
Depreciation charge on disposals	-	14	14
	<u>2,934</u>	<u>28</u>	<u>2,962</u>

16. Stocks

	2021 £000	2020 £000
Raw materials and consumables	5,120	3,265
Finished goods and goods for resale	472	566
	<u>5,592</u>	<u>3,831</u>

The value of stock provision at 31 December 2021 was £475,000 (2020: £458,000).

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

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17. Debtors

	2021 £000	2020 £000
Due after more than one year		
Deferred tax asset	627	460
	<u>627</u>	<u>460</u>
	2021 £000	2020 £000
Due within one year		
Trade debtors	9,162	9,995
Amounts owed by group undertakings	2,280	2,274
Other debtors	125	265
Prepayments and accrued income	293	294
	<u>11,860</u>	<u>12,828</u>

18. Cash and cash equivalents

	2021 £000	2020 £000
Cash and cash equivalents	1,006	19,531
	<u>1,006</u>	<u>19,531</u>

19. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Bank overdrafts	225	-
Trade creditors	4,310	3,844
Amounts owed to group companies	1,166	2,045
Corporation tax	-	139
Other taxation and social security	825	526
Lease liabilities	510	502
Accruals and deferred income	5,249	6,135
	<u>12,285</u>	<u>13,191</u>

Amounts owed to group undertakings are interest free and repayable on demand (2020: interest free and repayable on demand).

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20. Creditors: Amounts falling due after more than one year

	2021 £000	2020 £000
Lease liabilities	2,573	3,055
	<u>2,573</u>	<u>3,055</u>

Right-of-use assets consist of Land and Buildings, Motor Vehicles and Equipment. The land is on short lease.

	2021 £000	2020 £000
Analysis of timing of payments for lease creditor		
Amounts due in 2 years	543	497
Amounts due in 3 years	542	511
Amounts due in 4 years	537	525
Amounts due in 5 years	535	540
Amounts due in more than 5 years	416	982
	<u>2,573</u>	<u>3,055</u>

The total cash outflow for leases in 2021 was £585,192 (2020- £579,425).

21. Financial instruments

	2021 £000	2020 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>12,574</u>	<u>32,065</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(8,794)</u>	<u>(9,446)</u>

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

Financial liabilities measured at amortised cost comprise of trade creditors, amounts owed to group undertaking, bank overdraft, and short and long-term finance lease creditors.

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22. Deferred taxation

	2021 £000	2020 £000
Accelerated capital allowances	460	517
Utilised in the year	167	(57)
	<u>627</u>	<u>460</u>

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	627	460
	<u>627</u>	<u>460</u>

23. Provisions

	Warranties £000	Environmental provision £000	Total £000
At 1 January 2021	260	469	729
Charged to profit or loss	27	-	27
Utilised in year	(104)	-	(104)
At 31 December 2021	<u>183</u>	<u>469</u>	<u>652</u>

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.

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24. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
2,900 (2020 - 2,900) Ordinary shares of £0.01 each	-	-
2,900,000 (2020 - 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.

25. Contingent liabilities

Bank guarantees have been issued in favour of:

	£000
HMRC -VAT deferment	90

The Company is included in a cross company bank guarantee facility for all Schneider Electric Group Companies in the United Kingdom, the total amount guaranteed by this is £22m.

The Company has not provided for the guarantees issued above as there is no evidence to suggest they will be called by the beneficiary.

26. Capital commitments

At 31 December 2021 the Company had capital commitments as follows:

	2021 £000	2020 £000
Contracted for but not provided in these financial statements	169	186
	<u>169</u>	<u>186</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
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27. 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 £1,175,000 (2020: £1,119,000).

28. Commitments under low value/short term leases

At 31 December 2021 the Company had the future minimum lease payments under non-cancellable leases as follows:

	2021 £000	2020 £000
Within 1 year	38	23
Within 2-5 years	19	13
In over 5 years	-	-
	<u>57</u>	<u>36</u>

29. 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.

30. Post balance sheet events

Due to a decline in sales to a significant customer the throughput on one production line was greatly reduced. An impairment review was undertaken and this asset was written down by £622k in 2022.

31. 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/>.