

# Schneider Electric Limited

## Directors' Report and Financial Statements

For the year ended 31 December 2012

*Company number 1407228*

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## DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2012

### Principal activities and business review

The company is engaged in the manufacture and sale of electrical and electronic products, systems and services

The company acquired the trade and assets of Schneider Electric Energy UK Ltd ("SEEUKL") on 1 October 2012 for consideration totalling £936,000. This company is a fellow subsidiary of the Schneider Electric SA group.

Many Financial Key Performance Indicators are used by the company management with the main focus being on profitability and control of working capital.

Turnover has increased by 32% (2011 increase of 9%) in the year to £587m (2011 £444m) due to the acquisition during the year of the trade and assets of a fellow group company SEEUKL and overall market conditions. Gross margin of 29.3% (2011 30.9%) has reduced due to the acquired business, SEEUKL, having a lower margin than the continuing trade and as a result of raw material price increases. The operating profit before interest and tax margin has increased to 9.2% (2011 6.2%) this is due to the lower relative cost base of the acquired business, SEEUKL and the continued focus on the cost base of the company. These actions have more than offset the reduction in gross margin percentage.

Strong control over working capital has continued to be exerted throughout 2012. During 2012 stock days have decreased by 8 days to 32 days (2011 40 days), although external debtor days have increased by 8 days to 74 days (2011 66 days). The change in debtor days was due to the impact of the acquisition of SEEUKL, whose debtor days are higher than the rest of the business.

The principal risks and uncertainties facing the company are changes in market conditions, fluctuations in raw material prices and foreign currency exchange rates. Internal systems and business efficiency were again a priority for management, especially in enhancing commercial systems and those processes that interface directly with our customers.

We have retained a strong commitment to our people, recognising the importance of our work force in meeting our customer needs. Managers are focused on the development of people, increasing skills, motivation and commitment.

Research and development remains a significant area for investment and we are committed to ensuring that our product offer stays abreast of new technology and is well adapted to changes in market expectations.

Despite market conditions remaining a challenge, management expect the business to deliver a similarly positive result for 2013, particularly as SEEUKL becomes fully integrated with the rest of the business.

### Results and dividend

The results of the company for the year are set out on page 6. No dividend was paid in the year (2011 £23,000,000). The profit for the year of £39,115,000 (2011 £22,586,000) has been transferred to reserves.

### Charitable and political contributions

During the current and prior years, the company made no significant charitable contributions and no political contributions.

## DIRECTORS REPORT (continued)

### Financial Instruments

The company uses the Schneider Electric SA group treasury function to arrange appropriate procedures including financial instruments to mitigate losses that could arise from unexpected fluctuations in foreign currencies, metal prices and interest rates. The company is not exposed to any significant liquidity risk due to the cash organisation of the business.

### Credit Risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary. All cash balances are held with long established, reputable financial institutions.

### Directors

The directors of the Company during the year were

S Thorogood  
T Athawes  
T Lambeth  
E Coxon  
A Taylor

### Directors' indemnity

The company's Articles of Association provide, subject to the provisions of UK legislation, for an indemnity for directors and officers of the company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the company.

### Disclosure of qualifying third party indemnity provisions

The ultimate parent company (note 24) made provision throughout the year for all directors' indemnity.

### Employee involvement

It is the company's policy that employees should be kept as fully informed as is practicable about the company's activities through the medium of meetings with management and supervisors.

### Disabled persons

The company has an established policy of encouraging the employment of disabled persons wherever this is practicable. The company endeavours to ensure that disabled employees benefit from training and career development programmes in common with all employees.

### Payment of creditors

The company's policy is to settle the terms of payment with suppliers when agreeing the terms for each transaction or series of transactions, and to abide by these terms of payment as and when satisfied that the supplier has provided the goods or services in accordance with the agreed terms. Average creditor payment terms for suppliers outside of the Schneider Electric SA group of companies were 31 days (2011: 29 days) and for suppliers within the Schneider Electric SA group were 71 days (2011: 78 days).

## Schneider Electric Limited

### DIRECTORS REPORT (continued)

#### Statement as to disclosure of information to auditors

The directors have taken all the necessary steps to make the auditors aware of any relevant audit information and to establish that the auditors are aware of that information

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

#### Auditors

Mazars LLP are willing to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting

By order of the Board



T Lambeth  
Director

5 July 2013

Registered Office  
Stafford Park 5  
Telford  
Shropshire  
TF3 3BL

### STATEMENT OF DIRECTORS RESPONSIBILITIES

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 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.

# Schneider Electric Limited

## INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF SCHNEIDER ELECTRIC LTD

We have audited the financial statements of Schneider Electric Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. 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.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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.

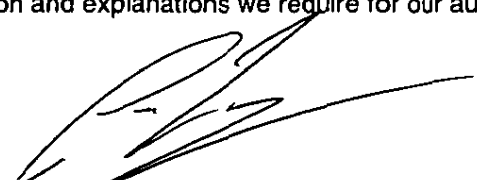
### Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

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

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

  
Paul Lucas (Senior Statutory Auditor)  
for and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditor  
45 Church Street  
Birmingham  
B3 2RT  
Date 10 July 2013

## Schneider Electric Limited

### PROFIT AND LOSS ACCOUNT for the year ended 31 December 2012

	Note	2012 Acquisition £'000	2012 Continuing Operations £'000	2012 Total £'000	2011 £'000
<b>Turnover</b>	1	25,825	561,418	587,243	444,113
<b>Cost of sales</b>		(21,173)	(394,056)	(415,229)	(306,662)
<b>Gross Profit</b>		5,167	167,362	172,014	137,451
Distribution costs		(157)	(12,348)	(12,505)	(11,479)
Administrative expenses		(1,685)	(104,019)	(105,704)	(98,581)
<b>Operating profit</b>		3,325	50,995	53,805	27,391
Loss on disposal of fixed assets				(12)	(5)
<b>Profit on ordinary activities before interest and taxation</b>				53,793	27,386
Interest receivable	2			51	1,092
Interest payable	2			(3,349)	(91)
<b>Profit on ordinary activities before taxation</b>	3			50,495	28,387
Taxation	6			(11,380)	(5,801)
<b>Profit for the financial year</b>	17			39,115	22,586



## Schneider Electric Limited

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2012

		2012 £'000	2011 £'000
Profit for the financial year		39,115	22,586
Actuarial losses recognised in defined benefit pension scheme	19	(43,666)	(9,703)
Deferred tax thereon		9,314	1,986
Total recognised gains and losses for the year		4,763	14,869

# Schneider Electric Limited

## BALANCE SHEET as at 31 December 2012

	Note	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Intangible assets	7	109,718	1,577
Tangible assets	9	33,066	30,421
Investments	10	3,372	3,372
		<b>146,156</b>	<b>35,370</b>
<b>Current assets</b>			
Stock	11	49,185	42,582
Debtors	12	347,778	261,717
Cash at bank and in hand		12,397	9,242
		<b>409,360</b>	<b>313,541</b>
<b>Creditors - amounts falling due within one year</b>	13	<b>(176,085)</b>	<b>(125,537)</b>
<b>Net current assets</b>		<b>233,275</b>	<b>188,004</b>
<b>Total assets less current liabilities</b>		<b>379,431</b>	<b>223,374</b>
<b>Creditors - amounts falling due after more than one year</b>	14	<b>(202,025)</b>	<b>(85,990)</b>
Provisions for liabilities and charges	15	(18,369)	(16,642)
<b>Net assets excluding pension liability</b>		<b>159,037</b>	<b>120,742</b>
<b>Net pension liability</b>	19	<b>(70,484)</b>	<b>(36,952)</b>
<b>Net assets including pension liability</b>		<b>88,553</b>	<b>83,790</b>
<b>Capital and reserves</b>			
Called up share capital	16	60,000	60,000
Profit and loss account	17	28,553	23,790
<b>Shareholder's funds</b>	18	<b>88,553</b>	<b>83,790</b>

The financial statements on pages 6 to 28 were approved by the board of directors and authorised for issue on 5 July 2013 and signed of its behalf by:



T Lambeth  
Director

Company number 1407228

**ACCOUNTING POLICIES****For the year ended 31 December 2012**

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently throughout the current and the preceding year, are as follows

***Accounting convention***

These financial statements have been prepared in accordance with the historical cost convention. Having considered the historical levels of profitability and cash inflow strength of the balance sheet and the company's forecasted cashflows the directors' consider it is appropriate to prepare the financial statements on a going concern basis.

***Group financial statements***

The company is exempt from the requirement to prepare consolidated financial statements as during the year to 31 December 2012 its results were consolidated into those of its ultimate parent undertaking, Schneider Electric S.A. and it has complied with the conditions in accordance with Section 400 of the Companies Act.

***Turnover***

Turnover comprises the invoice value, after rebates and excluding value added tax, of goods supplied to customers. Revenue is recognised when goods are despatched to customers. In the case of short and long term contracts, turnover is recognised with reference to the percentage of costs incurred.

***Profit recognition on contracts***

Profit is recognised on long-term contracts on the basis of the total estimated contract outcomes and the costs incurred at the year end. Relevant costs are transferred from work in progress to cost of sales. Full provision is made against any contract loss as soon as such loss is foreseen.

***Research and development***

Research and development expenditure is charged to the profit and loss account in the year in which it is incurred.

***Operating leases***

Costs in respect of operating leases are charged on a straight-line basis over the lease terms.

***Goodwill***

Goodwill arising on acquisition of trade and assets from a related group undertaking is amortised over a period of 10 – 20 years.

***Other intangible fixed assets***

The cost of intangible fixed assets is their purchase cost, together with any expenses of acquisition.

Amortisation is calculated so as to write off the cost of intangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are -

Patents & trademarks	- 10%
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***Tangible fixed assets***

The cost of tangible fixed assets is their purchase cost, together with any expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are -

Freehold land & Assets under construction	- not depreciated
Freehold property	- 2.5% p.a.
Leasehold property	- higher of 2.5% or period of lease
Fixtures, fittings, plant and equipment	- 10.0% to 33.3% p.a.

**ACCOUNTING POLICIES continued**  
**For the year ended 31 December 2012**

***Investments***

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value

***Stocks***

Stocks are stated at the lower of cost and net realisable value. In general, cost comprises prime costs of direct labour and materials together with related overheads. Net realisable value is based on estimated normal selling price, less further costs expected to be incurred on disposal. Where necessary, provision is made for obsolete, slow moving and defective stocks.

In the case of long term contracts, work in progress is stated at cost of direct materials and direct labour plus attributable profit less payments on account and foreseeable losses. Payments on account which exceed the related amount of work in progress are included in creditors.

***Foreign currency translation***

Transactions in foreign currencies are translated at the rate of exchange on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange at the balance sheet date, or, where appropriate, at the relevant contract rate of exchange. Differences on exchange are recognised in the profit and loss account.

***Taxation***

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

***Pensions***

For the company's defined benefit pension schemes, the pension scheme liabilities are measured using the projected unit method and discounted at a AA corporate bond rate. The pension scheme assets are valued at market rate. The pension scheme asset or deficit is recognised in full on the balance sheet.

For the company's defined contribution pension schemes the amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

***Cash flow statement***

In accordance with Financial Reporting Standard No 1 'Cash Flow statements' (Revised) a cash flow statement is not included in these financial statements because the company's ultimate parent company, Schneider Electric S A, has prepared a consolidated cash flow statement in its 2012 published consolidated financial statements which includes the cash flows of the company.

**NOTES TO THE ACCOUNTS**

For the year ended 31 December 2012

**1. TURNOVER**

	2012	2011
	£'000	£'000
The turnover attributable to each of the Company's geographical markets is		
United Kingdom	528,750	388,899
Overseas markets	58,493	55,214
	<b>587,243</b>	<b>444,113</b>

All turnover originates in the United Kingdom and relates to the sole activity of the business. For further segmental analysis of turnover, please refer to the Schneider Electric S A consolidated financial statements.

**2. INTEREST RECEIVABLE AND PAYABLE**

	2012	2011
	£'000	£'000
Interest receivable on bank deposits	1	4
Interest receivable on intergroup loans	50	11
Other finance income/(costs) (note 19)	-	1,077
<b>Total interest receivable</b>	<b>51</b>	<b>1,092</b>
Interest payable on intergroup loans	(866)	(90)
Interest payable on bank deposits	(1)	(1)
Other finance income/(costs) (note 19)	(2,482)	-
<b>Total interest payable</b>	<b>(3,349)</b>	<b>(91)</b>

**NOTES TO THE ACCOUNTS continued**  
**For the year ended 31 December 2012**

**3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2012	2011
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of owned tangible assets	2,938	2,325
Amortisation of owned intangible assets	21	27
Amortisation of goodwill	1,257	125
Loss on disposal of owned assets	12	5
Operating lease rentals		
Plant and machinery	4,366	2,781
Land and buildings	3,229	2,494
Staff costs	100,186	65,925
Audit of the company's annual accounts	222	145
Management charges from other group companies	7,973	6,545
Research and development expenditure	936	1,225
Foreign exchange (gains)/losses	(257)	241
Exceptional item		
Write off of intergroup loan accounts	-	683

**4. STAFF COSTS**

	2012	2011
	£'000	£'000
Wages and salaries	85,846	56,428
Social security costs	9,051	5,511
Other pension costs	5,289	4,013
	100,186	65,952

	2012	2011
	Number	Number
The average number of persons, including directors, employed by the company was		
Manufacturing, project and service engineers	1,373	709
Administration, sales and management staff	1,401	1,173
	2,774	1,882

**NOTES TO THE ACCOUNTS continued**  
**For the year ended 31 December 2012**

**5. DIRECTORS' REMUNERATION**

	2012	2011
	£'000	£'000
Emoluments paid or payable	1,004	755

The number of directors to whom retirement benefits are accruing under defined benefit schemes

	-	-
Highest paid director - aggregate emoluments	425	309

The highest paid director is not a member of the Company pension schemes

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

(a) The tax charge for the year comprises

	2012	2011
	£'000	£'000
United Kingdom corporation tax at 24.5% (2011 26.5%)		
Current	12,002	7,292
Deferred (see Note 15)	(8)	(831)
Deferred tax on pension liability	(397)	1,311
	11,597	7,772
(Over)/under provision in respect of prior years		
Current	(1,634)	(2,026)
Deferred (See Note 15)	1,417	55
<b>Tax on profit on ordinary activities</b>	<b>11,380</b>	<b>5,801</b>

(b) Factors affecting the tax charge for the year.

The differences between total current tax assessed and at the standard rate of corporation tax in the UK are explained below

	2012	2011
	£'000	£'000
<b>Profit on ordinary activities before taxation</b>	<b>50,495</b>	<b>37,415</b>
Profit on ordinary activities multiplied by the standard rate of UK tax of 24.5% (2011 26.5%)	12,371	7,518
Effects of		
Accelerated capital allowances and other timing differences	45	79
Permanent differences	592	221
Pension accounting	(79)	(275)
Group Relief Claimed	(789)	-
Other timing differences	(138)	(251)
<b>Total current tax</b>	<b>12,002</b>	<b>7,292</b>

## Schneider Electric Limited

### NOTES TO THE ACCOUNTS continued For the year ended 31 December 2012

#### 7. INTANGIBLE FIXED ASSETS

	Patents & Trademarks £'000	Purchased Goodwill £'000	Total £'000
<b>Cost</b>			
At 1 January 2012	127	1,741	1,868
Additions	-	109,419	109,419
At 31 December 2012	127	111,160	111,287
<b>Accumulated amortisation</b>			
At 1 January 2012	42	249	291
Charge for the year	21	1,257	1,278
At 31 December 2012	63	1,506	1,569
<b>Net book amount</b>			
At 31 December 2012	64	109,654	109,718
At 31 December 2011	85	1,492	1,577

On 1 October 2012 the trade and assets of Schneider Electric Energy UK Ltd were purchased, creating goodwill of £109,419,000, see Note 8

#### 8. TRADE AND ASSETS ACQUIRED

The trade, assets and liabilities of a fellow subsidiary of the Schneider Electric Group SA, Schneider Electric Energy UK Limited were purchased via intercompany loan during the year. Their fair values were as follows:

	Schneider Electric Energy UK Ltd Book value £'000	Fair value £'000
Goodwill	109,419	-
Tangible fixed assets	3,399	3,399
Stock and work in progress	4,054	4,054
Debtors	38,414	38,414
Cash	414	414
Deferred tax asset	31	31
Creditors amounts falling due within one year	(39,021)	(39,021)
Creditors amounts falling due after one year	(114,482)	(114,482)
Pension liability	(1,292)	(1,292)
Net assets	936	(108,483)
Consideration		936
Goodwill		109,419



# Schneider Electric Limited

NOTES TO THE ACCOUNTS continued  
For the year ended 31 December 2012

## 9. TANGIBLE FIXED ASSETS

	Freehold property £'000	Long leasehold property £'000	Plant and machinery £'000	Assets under construction £'000	Total £'000
<b>Cost</b>					
At 1 January 2012	28,599	667	34,977	1,629	65,872
Additions	29	19	4,592	975	5,615
Transfer	-	-	1,486	(1,486)	-
Disposals	-	-	(899)	-	(899)
<b>At 31 December 2012</b>	<b>28,628</b>	<b>686</b>	<b>40,156</b>	<b>1,118</b>	<b>70,588</b>
<b>Depreciation</b>					
At 1 January 2012	6,986	319	28,147	-	35,452
Charge for the year	715	40	2,183	-	2,938
Disposals	-	-	(868)	-	(868)
<b>At 31 December 2012</b>	<b>7,701</b>	<b>359</b>	<b>29,462</b>	<b>-</b>	<b>37,522</b>
<b>Net book value</b>					
<b>At 31 December 2012</b>	<b>20,927</b>	<b>327</b>	<b>10,694</b>	<b>1,118</b>	<b>33,066</b>
At 31 December 2011	21,613	349	6,830	1,629	30,421

## Future capital expenditure

	2012 £'000	2011 £'000
Contracted for but not provided in the accounts	333	130
Committed	350	124

## 10. FIXED ASSET INVESTMENTS

	Shares in Subsidiary Undertakings £'000	Freehold Land £'000	Total £'000
<b>Cost</b>			
At 1 January and 31 December 2012	3,317	55	3,372

## Summary of interests in subsidiary undertakings

<u>Name</u>	<u>Country of Incorporation</u>	<u>Class of Shares held</u>	<u>Percentage of Shares held</u>	<u>Nature of Business</u>
Ajax Electrical Limited	UK	Ordinary	100%	Dormant
Sarel Limited	UK	Ordinary	99.9%	Dormant

In the opinion of the directors, the value of the company's investment in its subsidiary undertakings is not less than that at which it is stated in these accounts

**NOTES TO THE ACCOUNTS continued**  
**For the year ended 31 December 2012**

**11. STOCKS**

	2012	2011
	£'000	£'000
Raw materials and consumables	10,083	7,431
Work in progress	6,521	4,946
Long term contract balances	3,776	-
Finished goods	28,805	30,205
	<b>49,185</b>	<b>42,582</b>

**12. DEBTORS**

	2012	2011
	£'000	£'000
Trade debtors	131,933	111,085
Amounts recoverable on contracts	16,988	4,125
Amounts owed by group undertakings	194,111	143,789
Other debtors	2,220	412
Deferred tax asset (Note 15)	-	234
Prepayments and accrued income	2,526	2,072
	<b>347,778</b>	<b>261,717</b>

Amounts owed by group undertakings include an amount of £44,630,000 (2011 £Nil) which bears interest at Libor plus 0.5%. This amount is repayable on demand. The remainder of amounts owed by group undertakings are interest free and are repayable in accordance with standard trading terms.

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2012	2011
	£'000	£'000
Bank overdraft	455	59
Trade creditors	49,049	40,032
Amounts owed to group undertakings	52,946	37,590
Corporation tax	2,433	1,818
Other taxation and social security	18,138	11,804
Long term contract payments on account	9,049	5,506
Other creditors and accruals	44,015	28,728
	<b>176,085</b>	<b>125,537</b>

Amounts owed by group undertakings include an amount of £Nil (2011 £3,636,000) which bears interest at Libor plus 0.25%, this amount is payable on demand and an amount of £2,733,000 (2011 £Nil) which bears interest at Libor plus 1%, and has a fixed repayment date of 20<sup>th</sup> May 2013. The remainder of amounts owed to group undertakings are interest free and repayable in accordance with standard trading terms.

**NOTES TO THE ACCOUNTS continued**  
**For the year ended 31 December 2012**

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2012	2011
	£'000	£'000
Amounts owed to group undertakings	202,025	85,990

Amounts owed to group undertakings include an amount of £114,482,000 (2011 £Nil) which bears interest at Libor plus 1%, this amount is payable in full on 8 March 2017. All other amounts do not bear interest and have no fixed repayment terms.

**15. PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred tax £'000	Maintenance and warranty provisions £'000	Contract loss provisions £'000	Property provision £'000	Reorgan- isation provision £'000	Total £'000
Balance at 1 January	-	16,253	-	305	84	16,642
Created	1,012	4,446	727	-	80	6,265
Additions	(31)	1,819	348	523	-	2,659
Utilised	-	(5,606)	(666)	-	(84)	(6,356)
Transfer from Debtors	(234)	-	-	-	-	(234)
Released	-	(595)	(12)	-	-	(607)
<b>At 31 December</b>	<b>747</b>	<b>16,317</b>	<b>397</b>	<b>828</b>	<b>80</b>	<b>18,369</b>

**Maintenance and warranty provisions**

Warranties are provided in the normal course of business based on an assessment of future claims with reference to past claims experience. Such costs are generally incurred within two years of the balance sheet date. Additional specific warranties are provided where liabilities for known product defects exist.

**Contract loss provisions**

Provision is made for all losses on contracts as soon as they are known. Such costs are generally incurred within two years of the balance sheet date.

**Reorganisation provision**

This includes a provision for staff redundancies £80,000 (2011 £84,000) which is expected to be settled within the next 12 months.

**Property provision**

This includes £59,000 (2011 £59,000) for dilapidations on leasehold property, £112,000 (2011 £112,000) for future lease payments on vacant leasehold properties and £657,000 (2011 £134,000) for environmental risks. These amounts are expected to be settled within five years.

**Deferred tax (liability)/asset**

There are no amounts of unprovided deferred tax. The composition of the balance of deferred taxation is:

	2012	2011
	£'000	£'000
Accelerated capital allowances	(1,855)	(1,009)
Other short term timing differences	1,108	1,243
Deferred tax (liability)/asset at 31 December	(747)	234

**NOTES TO THE ACCOUNTS continued**  
**For the year ended 31 December 2012**

**15. PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)**

Movement in the deferred tax balance during the year was as follows

	2012 £'000	2011 £'000
(Provision)/asset at 1 January	234	(977)
Additions during the year	31	435
Deferred tax (charge)/credit in profit and loss account for the year	(1,012)	776
(Provision)/asset at 31 December	(747)	234

**16. CALLED UP SHARE CAPITAL**

	2012 £'000	2011 £'000
Ordinary shares of £1 each		
Authorised	60,000	60,000
Allotted and fully paid	60,000	60,000

**17. RESERVES**

	Profit and loss account £'000
Balance at 1 January	23,790
Profit for the financial year	39,115
Actuarial loss recognised in defined benefit pension schemes	(43,666)
Deferred tax on actuarial gain recognised in defined benefit pension schemes	9,314
Balance at 31 December	28,553

No dividend was paid during the year (2011 £23,000,000), this represents Nil per share (2011 38 333p per share)

**18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	2012 £'000	2011 £'000
Profit for the year	39,115	22,586
Actuarial gains/(losses) recognised in defined benefit pension schemes	(34,352)	(7,717)
Dividend paid	-	(23,000)
Net addition to shareholders' funds	4,763	(8,131)
Opening shareholders' funds	83,790	91,921
Closing shareholders' funds	88,553	83,790

**NOTES TO THE ACCOUNTS continued**  
**For the year ended 31 December 2012**

**19. PENSION SCHEME**

During the year the company was party to four pension schemes for the majority of its employees as follows

- Schneider Pension Plan – defined benefit final salary scheme
- TAC Pension Plan – defined benefit final salary scheme
- Electricity Supply Pension Scheme – defined benefit final salary scheme
- Schneider DC Trust Scheme – money purchase scheme

The assets of the schemes are held under trust and are managed by outside investment managers. The defined benefit schemes (which are closed to new members) are funded to cover future pension liabilities in respect of service up to the balance sheet date. It is subject to independent valuations at least every three years, on the basis of which the qualified actuary certifies the rates of the employer's contributions.

The actuarial position of the defined benefit schemes required under FRS17 has been calculated by qualified independent actuaries based on the most recent full actuarial valuation at 6 April 2010 and updated to 31 December 2012.

The defined contribution scheme charge for the year was £3,183,000 (2011 £2,608,000). At 31 December all contributions have been paid to the pension schemes. The contributions paid to each scheme during 2013 are expected to be similar to those paid in 2012.

**Schneider Pension Plan**

On 1 April 2012, as part of the integration of Schneider Electric Buildings into the main business, the TAC Pension Plan merged into the Schneider Pension Plan.

The financial assumptions used at 31 December 2012 in respect of the Schneider Pension Plan were

	2012	2011	2010
	% per annum	% per annum	% per annum
Rate of increase in salaries	2.75	3.00	3.00
Rate of increase in pensions in payment	2.50	2.75	2.75
Discount rate - AA Corporate bond yield	4.30	4.90	5.00
Inflation	2.50	2.75	2.75
	<b>95%/90% S1PxA</b>		
	<b>CMI_2011 1.25%</b>	105%Px92 MC	105%Px92
Mortality - pensioners	<b>trend</b>	0.5%floor	MC 0.5%floor
	<b>95%/90% S1PxA</b>		
	<b>CMI_2011 1.25%</b>	105%Px92 MC	105%Px92
Mortality - non-pensioners	<b>trend</b>	0.5%floor	MC 0.5%floor

**NOTES TO THE ACCOUNTS continued**  
For the year ended 31 December 2012

**19. PENSION SCHEME (CONTINUED)**

The assets in the scheme and the expected rate of return were

	2012	2012	2011	2011	2010	2010
	long term	Market	long term	Market	long term	Market
	rate of return	value	rate of return	value	rate of return	value
	expected		expected		expected	
	%	£'000	%	£'000	%	£'000
Bonds - government	2.30	115,865	2.70	111,925	4.00	95,080
Equities	6.80	92,304	7.20	91,830	8.60	104,053
Bonds - corporate	-	-	-	-	-	-
Property	6.80	8,364	7.20	9,495	8.60	9,034
Cash	3.00	4,722	3.00	2,240	3.00	1,044
Total market value of assets		221,255		215,490		209,211

The analysis of the pension liability is set out below

	2012	2011
	£'000	£'000
Total market value of assets	221,255	215,490
Present value of scheme liabilities	(309,425)	(263,661)
Deficit in the scheme	(88,170)	(48,171)
Related deferred tax asset	20,279	12,043
Net pension liability	(67,891)	(36,128)

Analysis of the amount charged to operating profit

	2012	2011
	£'000	£'000
Current service cost	-	-
Curtailment gain	-	-
Total operating (credit)/cost	-	-

Analysis of the amount charged to other finance income

	2012	2011
	£'000	£'000
Expected return on pension scheme assets	(10,350)	(13,374)
Interest on pension scheme liabilities	12,952	12,336
Net return	2,602	(1,038)

**NOTES TO THE ACCOUNTS continued**  
**For the year ended 31 December 2012**

**19 PENSION SCHEME (CONTINUED)**

Analysis of amounts recognised in statement of total recognised gains and losses (STRGL)

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Actual return less expected return on pension scheme assets	<b>(4,862)</b>	<b>(1,369)</b>
Actuarial loss/(gain) arising on the scheme liabilities	<b>(8,778)</b>	<b>(3,064)</b>
Changes in assumptions underlying the present value of the scheme liabilities	<b>(28,257)</b>	<b>(5,411)</b>
Actuarial (loss)/gain recognised	<b>(41,897)</b>	<b>(9,844)</b>

Reconciliation of assets over the year

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Assets at 1 January	<b>215,490</b>	<b>209,211</b>
Transfer from TAC Pension Plan	<b>3,380</b>	<b>-</b>
Employer contributions	<b>4,500</b>	<b>2,001</b>
Benefits paid	<b>(8,681)</b>	<b>(7,727)</b>
Expected return on plan assets	<b>11,428</b>	<b>13,374</b>
Actuarial loss	<b>(4,862)</b>	<b>(1,369)</b>
Assets at 31 December	<b>221,255</b>	<b>215,490</b>

Reconciliation of liabilities over the year

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Liabilities at 1 January	<b>(263,661)</b>	<b>(250,578)</b>
Transfer from TAC Pension Plan	<b>(4,458)</b>	<b>-</b>
Operating credit/(charge)	<b>-</b>	<b>-</b>
Interest cost	<b>(12,952)</b>	<b>(12,335)</b>
Benefits paid	<b>8,681</b>	<b>7,727</b>
Change in assumptions	<b>(28,257)</b>	<b>(5,411)</b>
Actuarial (loss)/gain	<b>(8,778)</b>	<b>(3,064)</b>
Liabilities at 31 December	<b>(309,425)</b>	<b>(263,661)</b>

**NOTES TO THE ACCOUNTS continued**  
**For the year ended 31 December 2012**

**19. PENSION SCHEME (CONTINUED)**

<b>History of experience gains and losses</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Difference between the expected and actual return on scheme assets (£'000)	<b>404</b>	(1,369)	13,179	12,534	(50,118)
Percentage of scheme assets	<b>-0.02%</b>	-0.06%	6.30%	6.60%	2.90%
Experience (losses)/gains on scheme liabilities (£'000)	<b>(13,236)</b>	(3,064)	9,261	(508)	(1,616)
Percentage of the present value of the scheme liabilities	<b>-4.30%</b>	-1.20%	3.70%	0.20%	0.80%
Total amount recognised in statement of total recognised gains and losses (£'000)	<b>(41,897)</b>	(9,843)	11,560	(35,821)	(27,848)
Percentage of the present value of the scheme liabilities	<b>13.50%</b>	3.70%	4.60%	14.50%	-5.70%

<b>Sensitivity of Liabilities</b>	<b>Decrease in assumption £'000</b>	<b>Central £'000</b>	<b>Increase in assumption £'000</b>
2011 basis liability		(309,425)	
Deficit		(90,670)	
Liability after 0.5% decrease/increase to discount rate	(341,300)		(281,800)
Revised deficit	(122,500)		(63,000)
Liability after 0.5% decrease/increase to inflation rate	(286,900)		(334,400)
Revised deficit	(68,100)		(115,600)
Liability after increasing life expectancy by 1 year			(319,400)
Revised deficit			(100,600)



**NOTES TO THE ACCOUNTS continued**  
**For the year ended 31 December 2012**

**19. PENSION SCHEME (CONTINUED)**

**TAC Pension Plan**

On 1 April 2012 the TAC Pension Plan merged with the main Schneider Pension Plan. Therefore there are no financial assumptions at 31 December 2012 in respect of this scheme.

	<b>% per annum</b>
Rate of increase in salaries	<b>not applicable</b>
Rate of increase in pensions in payment	<b>not applicable</b>
Discount rate - AA Corporate bond yield	<b>not applicable</b>
Inflation	<b>not applicable</b>
 Mortality - pensioners	 <b>not applicable</b>
Mortality - non-pensioners	<b>not applicable</b>

The assets in the scheme and the expected rate of return were

	<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
	<b>long term</b>		<b>long term</b>	
	<b>rate of return</b>	<b>Market</b>	<b>rate of return</b>	<b>Market</b>
	<b>expected</b>	<b>value</b>	<b>expected</b>	<b>value</b>
	<b>%</b>	<b>£'000</b>	<b>%</b>	<b>£'000</b>
Bonds - government	-	-	2.90	388
Equities	-	-	6.50	2,838
Bonds - corporate	-	-	4.85	55
Cash	-	-	3.50	99
Total market value of assets		-		3,380

The analysis of the pension liability is set out below

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Total market value of assets	-	3,380
Present value of scheme liabilities	-	(4,458)
Deficit in the scheme	-	(1,078)
Related deferred tax asset	-	269
Net pension liability	-	(809)

Analysis of the amount charged to other finance income

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Expected return on pension scheme assets	-	210
Interest on pension scheme liabilities	-	(249)
Net return	-	(39)

**NOTES TO THE ACCOUNTS continued**  
**For the year ended 31 December 2012**

**19. PENSION SCHEME (CONTINUED)**

Analysis of amounts recognised in statement of total recognised gains and losses (STRGL)

	2012 £'000	2011 £'000
Actual return less expected return on pension scheme assets	-	305
Experience loss/(gain) arising on the scheme liabilities	-	(164)
Changes in assumptions underlying the present value of the scheme liabilities	-	-
Actuarial (loss)/gain recognised	-	141

Reconciliation of assets over the year

	2012 £'000	2011 £'000
Assets at 1 January	3,380	3,393
Transfer to Schneider Pension Plan	(3,380)	-
Benefits paid	-	(59)
Expected return on plan assets	-	210
Actuarial loss	-	(164)
Assets at 31 December	-	3,380

Reconciliation of liabilities over the year

	2012 £'000	2011 £'000
Liabilities at 1 January	(4,458)	(4,573)
Transfer to Schneider Pension Plan	4,458	-
Interest cost	-	(249)
Benefits paid	-	59
Change in assumptions	-	-
Actuarial (loss)/gain	-	305
Liabilities at 31 December	-	(4,458)

<b>History of experience gains and losses</b>	2012	2011
Difference between the expected and actual return on scheme assets (£'000)	-	10
Percentage of scheme assets	-	0.00%
Experience (losses)/gains on scheme liabilities (£'000)	-	-
Percentage of the present value of the scheme liabilities	-	0.00%
Total amount recognised in statement of total recognised gains and losses (£'000)	-	573
Percentage of the present value of the scheme liabilities	-	17.00%

**NOTES TO THE ACCOUNTS continued**  
**For the year ended 31 December 2012**

**19. PENSION SCHEME (CONTINUED)**

**Electricity Supply Pension Scheme**

Included in the trade and assets acquired during the year (note 8) was the Electricity Supply Pension Scheme, a defined benefit pension scheme. The financial assumptions used at 31 December 2012 in respect of this scheme were

	2012 % per annum
Rate of increase in salaries	not applicable
Rate of increase in pensions in payment	2.80
Discount rate - AA Corporate bond yield	2.50
Inflation	2.50
	90% S1PxA_H CMI 2011
Mortality - pensioners	1.25% trend
	90% S1PxA_H CMI 2011
Mortality - non-pensioners	1.25% trend

The assets in the scheme and the expected rate of return were

	2012 long term rate of return expected %	2012 Market value £'000
Equities	6.80	11,202
Bonds - fixed interest gilts	2.30	1,945
Bonds - index linked gilts	2.30	1,923
Bonds - corporate	4.10	1,945
Cash	3.00	45
Total market value of assets		17,060

The analysis of the pension liability is set out below

	2012 £'000
Total market value of assets	17,060
Present value of scheme liabilities	(20,428)
Deficit in the scheme	(3,368)
Related deferred tax asset	775
Net pension liability	(2,593)

Analysis of the amount charged to operating profit

	2012 £'000
Current service cost of defined benefit schemes	136
Past service cost	-
Net return	136

**NOTES TO THE ACCOUNTS continued**  
**For the year ended 31 December 2012**

**19 PENSION SCHEME (CONTINUED)**

Analysis of the amount charged to other finance income

	2012 £'000
Expected return on pension scheme assets	(976)
Interest on pension scheme liabilities	856
Net return	(120)

Analysis of amounts recognised in statement of total recognised gains and losses (STRGL)

	2012 £'000
Actual return less expected return on pension scheme assets	561
Actuarial loss/(gain) arising on the scheme liabilities	-
Changes in assumptions underlying the present value of the scheme liabilities	(2,330)
Actuarial (loss)/gain recognised	(1,769)

Reconciliation of assets over the year

	£'000
Assets at date of acquisition	15,852
Employer contributions	613
Employee contributions	37
Benefits paid	(979)
Expected return on plan assets	976
Actuarial gains	561
Assets at 31 December	17,060

Reconciliation of liabilities over the year

	2012 £'000
Liabilities at date of acquisition	(18,048)
Operating credit/(charge)	(136)
Interest cost	(856)
Employee contributions	(37)
Benefits paid	979
Change in assumptions	(2,330)
Actuarial (loss)/gain	-
Liabilities at 31 December	(20,428)

**NOTES TO THE ACCOUNTS continued**  
**For the year ended 31 December 2012**

**19. PENSION SCHEME (CONTINUED)**

<b>History of experience gains and losses</b>	<b>2012</b>
Difference between the expected and actual return on scheme assets (£'000)	<b>561</b>
Percentage of scheme assets	<b>3.30%</b>
Experience (losses)/gains on scheme liabilities (£'000)	<b>-</b>
Percentage of the present value of the scheme liabilities	<b>0.00%</b>
Total amount recognised in statement of total recognised gains and losses (£'000)	<b>(1,769)</b>
Percentage of the present value of the scheme liabilities	<b>8.70%</b>

<b>Sensitivity of Liabilities</b>	<b>Decrease in assumption £'000</b>	<b>Central £'000</b>	<b>Increase in assumption £'000</b>
Basis liability on acquisition		<b>(20,428)</b>	
Deficit		<b>(3,368)</b>	
Liability after 0.5% decrease/increase to discount rate	<b>(22,838)</b>		<b>(18,297)</b>
Revised deficit	<b>(5,778)</b>		<b>(1,237)</b>
Liability after 0.5% decrease/increase to inflation rate	<b>(18,521)</b>		<b>(22,553)</b>
Revised deficit	<b>(1,461)</b>		<b>(5,493)</b>
Liability after increasing life expectancy by 1 year			<b>(21,366)</b>
Revised deficit			<b>(4,306)</b>

Since the adoption of Financial Reporting Standard 17 "Retirement benefits" in 2005 a cumulative actuarial loss of £34,278,000 had been recognised in the STRGL (2011: £24,575,000)

**20. OPERATING LEASE COMMITMENTS**

At 31 December 2012, the Company had annual commitments under non-cancellable operating leases as set out below

	<b>2012</b>		<b>2011</b>	
	<b>Land and buildings £'000</b>	<b>Other £'000</b>	<b>Land and buildings £'000</b>	<b>Other £'000</b>
Operating leases which expire				
Within one year	<b>408</b>	<b>2,062</b>	<b>104</b>	<b>276</b>
Between two and five years	<b>1,652</b>	<b>2,304</b>	<b>1,438</b>	<b>2,505</b>
Over five years	<b>1,169</b>	<b>-</b>	<b>992</b>	<b>-</b>
	<b>3,229</b>	<b>4,366</b>	<b>2,534</b>	<b>2,781</b>

**NOTES TO THE ACCOUNTS continued**  
**For the year ended 31 December 2012**

**21. DERIVATIVES NOT INCLUDED AT FAIR VALUE**

The company uses derivatives to hedge its exposures to changes in foreign currency exchange rates. At 31 December 2012 the Company had forward exchange contracts to purchase currency with a principal value of £14,077,000 (2011 £2,843,000) and to sell currency with a principal value of £17,996,700 (2011 £7,627,000).

**22. CONTINGENT LIABILITIES**

At 31 December 2012 the company has outstanding bills, guarantees and indemnities in favour of customers totalling £12,232,000 (2011 £5,262,000).

**23. RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption in Financial Reporting Standard (FRS) 8 'Related Party Transactions' and not disclosed transactions with other group undertakings.

**24. ULTIMATE PARENT UNDERTAKING**

The Company's ultimate parent undertaking and controlling party is Schneider Electric S A , a company incorporated in France. It has included the Company in its consolidated financial statements, copies of which are available from 35 Rue Joseph Monier, CS 30323, 92506 Rueil-Malmaison Cedex, France.