

Registered number: 01407228

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# **SCHNEIDER ELECTRIC LIMITED**

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## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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**SCHNEIDER ELECTRIC LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	K J Becker A M Sage E Coxon D J Williams D A Hall
<b>Company secretary</b>	Invensys Secretaries Limited
<b>Registered number</b>	01407228
<b>Registered office</b>	Stafford Park 5 Telford Shropshire TF3 3BL
<b>Independent auditor</b>	Mazars LLP Chartered Accountants and Statutory Auditor One St Peter's Square Manchester M2 3DE

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**SCHNEIDER ELECTRIC LIMITED**

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**CONTENTS**

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	Page
<b>Strategic Report</b>	1 - 6
<b>Directors' Report</b>	7 - 12
<b>Independent Auditor's Report</b>	13 - 16
<b>Statement of Comprehensive Income</b>	17
<b>Statement of Financial Position</b>	18 - 19
<b>Statement of Changes in Equity</b>	20
<b>Notes to the Financial Statements</b>	21 - 69

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## SCHNEIDER ELECTRIC LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Introduction

The directors present their Strategic Report for the year ended 31 December 2022.

#### Review of the Business

Operating from a number of facilities across the UK the Company offers connected products, software and solutions that help its customers make the most of their energy. The Company is structured around four core cash generating units;

#### Energy Management<sup>1</sup>

Energy Management leverages a complete end-to-end technology offering enabled by EcoStruxure and gathers three cash generating units: Low Voltage, Medium Voltage and Secure Power that share the same objective of managing energy efficiently and reliably and have similar economic characteristics. The Group's go-to-market is oriented to address customer needs across its four end-markets of Buildings, Data Centres, Industry and Infrastructure, supported by a worldwide partner network.

The Schneider Electric secure power division has historically been sold from a separate company in the UK, Schneider Electric IT UK Ltd (SEITUK) and continues to do so however if a customer requires secure power solutions as part of a larger project then the Company will source this from SEITUK and deliver to the external customer products and services from all of the Group cash generating units as one solution.

#### Industrial Automation

Industrial Automation includes Industrial Automation and Industrial Control activities, across discrete, process & hybrid industries.

The Company has a full suite of digital and field based service solutions to compliment these operating segment offers and deploys these through all stages of design, construction, operation and maintenance.

The Company's purpose is to empower all to make the most of our energy and resources, bridging progress and sustainability for all. We call this Life Is On. The Company's mission is to be a business digital partner for Sustainability and Efficiency. Driving digital transformation by integrating world-leading process and energy technologies, end-point to cloud connecting products, controls, software and services, across the entire lifecycle, enabling integrated company management, for homes, buildings, data centres, infrastructure and industries.

#### Research and development

In order to protect against technical obsolescence the Company is committed to ensuring its product offer stays abreast of new technology and is well adapted to respond to changes in market expectations. Costs of £858,000 (2021: £850,000) have been charged to the Statement of Comprehensive Income for improvements to the existing product offer.

#### Future developments

The directors expect the business to continue to be profitable in 2023. The Company has considerable financial resources together with long term contracts with a number of customers and suppliers across the different segments listed above. The directors believe that the Company is well placed to manage its business risks successfully and to continue to generate positive cash flows for the foreseeable future.

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## SCHNEIDER ELECTRIC LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Financial key performance indicators

Many financial key performance indicators are used by management with the main focus being on profitability and control of working capital.

The main impact on profitability during the year was an increase in revenue of 13% (2021: 14%) to £759,262,000 (2021: £671,355,000). The sales by type and cash generating unit are in line with prior year.

Operating profit has increased by 54% to 5.67% (2021: 4.15%) of turnover. Direct costs increased by 14% due to the increased costs of raw materials and distribution costs increased by 5% due to increased cost of transportation. Good control of overheads kept the increase in administration costs to 1%.

The main impacts on working capital during the year were:

A reduction in cash of 68%. Cash contributions of £15,975,000 (2021: £15,975,000) were paid into the defined benefit pension schemes as part of the agreed plan to eliminate the schemes' deficits. For information on the pension schemes see note 26. No dividend was paid in 2022 (2021: £Nil).

An increase of stock of 12%. This is due to holding additional stock levels to mitigate the impact on customers of delays in the supply chain and the general increase in prices.

An increase in debtors of 14% in line with the increase in turnover.

A reduction in creditors of 10% due mainly to the shortening of payment terms to 60 days for our largest Schneider Electric Group supplier, the timing of payments for annual invoices to the Schneider Electric Group and management plans to reduce stock levels in the Company from a peak in October 2022.

The Company has expert teams managing each component of working capital. Risks are mitigated through the use of forward contracts for raw material prices and foreign currency exchange rates and the insurance of third party debts with appropriate credit insurance agencies. Regular meetings are held with senior management to review key external debtors and make decisions on credit terms offered.

#### Non-financial key performance indicators

Customer surveys measured satisfaction at 41% (2021: 48%). This is monitored by an external consultancy which surveys customers on a regular basis. This measure is a combination of customers perception of our product offer, timeliness of quotations, on time delivery of goods, project execution, technical support and product quality. It is used to drive improvement initiatives to ensure our service to customers is of the highest quality. The reduction in the KPI is mainly due to some delivery delays following shortages in the supply chain.

An annual employee survey measured satisfaction at 58% (2021: 63%). This is issued to all employees. The results are used to initiate actions to improve the satisfaction and wellbeing of our workforce. The Company has approximately 2,500 employees and retains a strong commitment to these people, recognising the importance of the workforce in meeting customer needs. The Exco has challenged the Company's Managers to focus on the career development of all employees in order to increase skills, motivation, commitment and movement of employees (vertically and laterally) to new career and development opportunities within the UK and wider Group organisation.

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## SCHNEIDER ELECTRIC LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Principal risks and uncertainties

##### Cybersecurity

Schneider Electric, like other organizations with similar global footprint and presence is exposed to the risk of Cyberattacks and data breaches through targeted Social engineering (Phishing) attacks, Ransomware or systems intrusion attempts.

Cyber threats are mitigated by implementing group cyber practices and capabilities, policy driven controls and mandatory Cyber training, which is provided to SE employees annually.

Global Cyber incident management and response process is in place and incidents are monitored through a Security Operations centre.

##### Export Controls

Failure to comply with export control regulations could result in a loss of reputation and business opportunities, including, but not limited to, limitations on access to certain markets; loss of customers, suppliers, and funding as well as potential large monetary penalties and prosecution for employees involved in violation of such regulations

To mitigate these risks, the Schneider Electric Export Control Program which overseen by the global Export control Centre of Excellence team, include Embargo and restricted country, Denied Party, Dual use goods and end user screenings.

The incorporation of export control provision in sales and procurement contractual templates and online and classroom-based training sessions for SE employees.

##### Supply Chain Resilience

Global shortages of raw materials and unreliable transportation have challenged suppliers and put pressure on both inside and outside group supply chains.

Schneider Electric works closely with its suppliers to manage lead times and the continuity of supply, including leveraging the "Power of two" with multiple sourcing of core components.

##### Talent Acquisition & Retention

Recruitment and Retention of employees with the right skill sets is a priority for SE to operate efficiently and deliver expected results.

Schneider Electric continuously reviews its Rewards and Benefits package to ensure they are set at an appropriate level in relation to the market sector and competitor offering.

##### Geopolitical, Economic and Energy Security

Global geopolitical and economical events which centre around the Ukraine/Russia conflict, creating instability in global energy markets and higher energy costs, driving inflationary pressures, and contributing to the cost-of-living crisis.

Schneider Electric has robust business continuity plans in place for its main sites, which are tested annually.

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**SCHNEIDER ELECTRIC LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Financial Instruments**

The Company uses the Schneider Electric SE group treasury function to arrange appropriate financial instruments to mitigate losses that could arise from unexpected fluctuations in foreign currencies relating to the import of products and services; metal prices relating to purchases of raw materials and components; and interest rates relating to intercompany loans.

The Company is not exposed to any significant liquidity risk due to its access to the Schneider Electric SE group cash resources for short term financing. All external cash balances are held with long established reputable financial institutions.

**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 they consider, 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 interest 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 Limited 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 Country President, K Becker and comprises the head of each cash generating business and the head of each support function. This Committee meets monthly to discuss and prioritise actions to benefit the Company and its stakeholders which fall in line with S172(1) requirements.

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**SCHNEIDER ELECTRIC LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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(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 the structuring of the business into cash generating units, current product 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 which will take into account UK laws and regulations and UK customer and employee needs.

The Executive Committee also recognise the impact of any decision on the short term and long-term interests of the Company and its stakeholders. Dividend setting 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 ongoing UK commercial business. As part of this ongoing commercial business need is the requirement for the Company to meet its defined benefit pension scheme obligations.

(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 term and long term success of the Company and this is encouraged in many ways including:

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

An online employee engagement survey which all employees are invited to take part in, is run annually the results of which are shared anonymously with management and are 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 health and safety policy are highlighted to employees on a weekly basis to prevent all levels of accident occurring and to remind employees that they must prioritise the safety of themselves and their colleagues, as well as their customers and third parties.

The Company promotes annual graduate and apprentice schemes to develop young talent. At the end of the scheme these candidates move into UK or worldwide roles within the Schneider Electric Group.

All employees are required to undertake at least one days training each year and are encouraged to go beyond this and learn every day. A comprehensive programme of training is available to all employees via our online training platform as well as live training events being held throughout the year.

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

Members of the Executive Committee regularly visit customers discuss ways of improving our offers and customer service. Customer satisfaction surveys are undertaken by third parties and the results are reviewed by the Executive Committee to drive customer service excellence. The Schneider Electric Business Process Excellence team work with a key customer to improve the working relationship and processes for the benefit of both parties.



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**SCHNEIDER ELECTRIC LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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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 suppliers are paid after 59 days (2021: 61 days). The standard Schneider Electric Group intercompany payment terms are 55-85 days, and the Company's average payment terms for suppliers outside of the Schneider Electric Group are 50 days.

(d) the impact of the company's operations on the community and 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 encourages 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/>.

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 to 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>

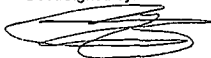
(e) the desirability of the Company maintaining a reputation for high standards of business conduct;

Schneider Electric emphasises the need to act ethically and compliantly in all that it does. This is reinforced by its Principles of Responsibility policy, which is promoted both internally and externally, as well as by a number of underlying policies, such as the Gifts & Hospitality Policy and the Anti-Corruption Code of Conduct.

In addition, there is a whistleblowing hotline, called the Red Line, which is accessible to all employees by phone or online. Employees can raise issues in confidence if they are concerned about non-compliance with any policy. In addition, a Green Line is available for all external parties via the Company website, enabling any third party to raise issues or concerns with Schneider Electric.

Part of the employee annual training comprises business ethics online training and reminds employees that the Executive Committee requires them to comply with the Company's high standard of corporate liability.

This report was approved by the board on 22 September 2023 and signed on its behalf.

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**A M Sage**  
Director

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## SCHNEIDER ELECTRIC LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their report and the financial statements for the year ended 31 December 2022.

#### 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.

#### Results and dividends

The profit for the year, after taxation, amounted to £37,668,000 (2021 - £22,751,000).

No dividend was paid in the year nor the previous year.

#### Directors

The directors who served during the year were:

K J Becker  
T Lambeth (resigned 31 March 2022)  
A M Sage  
E Coxon  
D J Williams  
D A Hall

#### Modern slavery

Modern slavery policy can be found at the following web address:  
[https://www.schneider-electric.co.uk/en/download/document/UK\\_ModernSlavery/](https://www.schneider-electric.co.uk/en/download/document/UK_ModernSlavery/).

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**SCHNEIDER ELECTRIC LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**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 6. In addition, these financial statements include the Company's accounting policies, and details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources together with long term contracts with a number of customers and suppliers across different industries and geographic areas. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

The directors' have prepared forecasts for the next 12 months based upon reasonable expectations of any economic impact on customers and suppliers and including the impact of actions that have already been implemented or could be implemented if trading conditions alter significantly, either adversely or favourably. 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.

**Future developments**

Future developments are set out in the Strategic Report on page 1.

**Financial instruments**

Financial Instruments are set out in the Strategic Report on page 4.

**Research and development activities**

The Company's research and development activity is set out in the Strategic Report on page 1.

**Employee involvement**

Employee involvement is set out in the Strategic Report on page 5.

**Engagement with suppliers, customers and others**

Engagement with suppliers, customers and others is set out in the Strategic Report on page 5.

**Disabled employees**

The Company will consider all applications equally. The Schneider Electric Group's core values encourage all employees to embrace diversity and the Company is committed to building an inclusive workplace.

The Company endeavours to ensure that disabled employees benefit from training and career development programmes in common with all employees.

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## SCHNEIDER ELECTRIC LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 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 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 5.

#### 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 5. The annual appraisal and goal 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 6.

#### 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 6.

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**SCHNEIDER ELECTRIC LIMITED**


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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**


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**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.

	<b>Year to 31st December</b>	
	<b>2022</b>	<b>2021</b>
Energy consumption used to calculate emissions (kWh)	29,626,456	29,310,695
Emissions from combustion of gas (Scope 1) tCO <sub>2</sub> e	1,893	2,133
Emissions from combustion of fuel for transport purposes (Scope 1) tCO <sub>2</sub> e	461	232
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) tCO <sub>2</sub> e	1,416	1,296
Emissions from purchased electricity (Scope 2, location-based) tCO <sub>2</sub> e	2,138	2,347
Total gross tCO <sub>2</sub> e based on above	5,908	6,008
Intensity ratio (kgCO <sub>2</sub> e/area m <sup>2</sup> )	67.9595	67.4094

**Energy Efficiency Action Summary**

Year to 31st December 2022

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 to 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 Ltd continues to achieve direct savings in energy and associated carbon emissions, through operational and technological improvements, including;

Replacement of 171 old company cars with 122 fully electric cars and 49 fuel Plug-in electric cars in 2022, not withstanding the increase in fuel for transport which is due to car travel returning to normal levels in 2022 following COVID restrictions in 2021.

Installation of 50 EV chargers at our sites

Following actions taken in 2022, our Coventry site will no longer be using gas from 2023

In addition to operational changes, we also ran an energy efficiency competition across all our sites during winter. The site that reduces their energy consumption the most between this winter and last winter will be rewarded with a site wide prize. Each site at Schneider Electric Ltd has been challenged to reduce its energy consumption through different energy saving measures throughout the year.

**Methodology Notes**

Reporting Period	1st of January 2022 – 31st of December 2022
Boundary (consolidation approach)	Operational approach
Alignment with financial reporting	SECR disclosure has been prepared in line with Schneider Electric Ltd's annual accounts made up to 31st December 2022

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**SCHNEIDER ELECTRIC LIMITED**


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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**


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Reporting method	GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
Emissions factor source	DEFRA, 2022 for all emissions factors <a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022</a>
Conversion factor source	EPA GHG Emission Factors Hub for natural gas and gasoline (petrol) <a href="https://www.epa.gov/climateleadership/center-corporate-climate-leadership-ghg-emission-factors-hub">https://www.epa.gov/climateleadership/center-corporate-climate-leadership-ghg-emission-factors-hub</a> U. S. Energy Information Administration for diesel <a href="https://www.eia.gov/totalenergy/data/monthly/pdf/sec12_2.pdf">https://www.eia.gov/totalenergy/data/monthly/pdf/sec12_2.pdf</a> Monthly and annual prices of road fuels and petroleum products <a href="https://www.gov.uk/government/statistical-data-sets/oil-and-petroleum-products-monthly-statistics">https://www.gov.uk/government/statistical-data-sets/oil-and-petroleum-products-monthly-statistics</a>
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, cost and mileage data to kWh and GHG emissions using the method above. In the absence of the exact vehicle type, average conversion factors were used to calculate emissions.
Reason for the intensity measurement choice	Based on the nature of our business as well as following the recommendations from the Environment Agency, area (m <sup>2</sup> ) 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 with our supplier to meet the criteria enabling us to report lower scope 2 emissions.

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**SCHNEIDER ELECTRIC LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Estimation**

The report contains an estimated electricity and gas consumption. 24% of gas consumption and 47% of electricity consumption was estimated due to non-availability of information for some of the sites. The estimations were done by calculating the kWh/m2 of the sites where the consumption was available and then taking the median value to multiply with the m2 area of the sites where the consumption was not available.

**Rounding**

Minor difference between actual and reported GHG emissions might occur due to rounding (not more than 1%).

**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.

**Auditor**

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 September 2023 and signed on its behalf.

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**A M Sage**  
Director

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## SCHNEIDER ELECTRIC LIMITED

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

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#### Opinion

We have audited the financial statements of Schneider Electric Limited (the "company") for the year ended 31 December 2022 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 2022 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Evaluating the directors' method to assess the company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

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.



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## **SCHNEIDER ELECTRIC LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCHNEIDER ELECTRIC LIMITED**

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#### **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.

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 6, 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.

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## SCHNEIDER ELECTRIC LIMITED

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

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#### 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.

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.

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**SCHNEIDER ELECTRIC LIMITED**

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

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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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of the audit report**

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

*Tim Hudson*

Timothy Hudson (Senior statutory auditor)

for and on behalf of

**Mazars LLP**

Chartered Accountants and Statutory Auditor

One St Peter's Square

Manchester

M2 3DE

Date: Sep 26, 2023

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**SCHNEIDER ELECTRIC LIMITED**


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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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	Note	2022 £000	2021 £000
Turnover	4	759,262	671,355
Cost of sales		(557,596)	(492,008)
<b>Gross profit</b>		<b>201,666</b>	<b>179,347</b>
Distribution costs		(20,564)	(19,498)
Administrative expenses		(137,999)	(131,981)
<b>Operating profit</b>	5	<b>43,103</b>	<b>27,868</b>
Interest receivable and similar income		133	-
Interest payable and similar expenses	9	(609)	(609)
Other finance income/costs	10	205	(777)
<b>Profit before tax</b>		<b>42,832</b>	<b>26,482</b>
Tax on profit	11	(5,164)	(3,731)
<b>Profit for the financial year</b>		<b>37,668</b>	<b>22,751</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Foreign exchange hedge		213	-
Actuarial (loss)/gain on defined benefit schemes	25	(18,321)	36,291
Movements of deferred tax related to defined benefit schemes	18	4,580	(5,475)
		(13,528)	30,816
<b>Total comprehensive income for the year</b>		<b>24,140</b>	<b>53,567</b>

The notes on pages 21 to 69 form part of these financial statements.

**SCHNEIDER ELECTRIC LIMITED**  
**REGISTERED NUMBER: 01407228**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Goodwill	12	103,238	103,238
		<u>103,238</u>	<u>103,238</u>
<b>Fixed assets</b>			
Other intangible assets	13	90	193
Tangible assets	14	46,589	47,271
		<u>149,917</u>	<u>150,702</u>
<b>Current assets</b>			
Stocks	16	88,509	79,310
Debtors: amounts falling due after more than one year	17	1,333	1,762
Debtors: amounts falling due within one year	17	187,431	164,978
Cash at bank and in hand	19	10,520	33,097
		<u>287,793</u>	<u>279,147</u>
Creditors: amounts falling due within one year	20	(214,223)	(236,891)
<b>Net current assets</b>		<u>73,570</u>	<u>42,256</u>
<b>Total assets less current liabilities</b>		<u>223,487</u>	<u>192,958</u>
Creditors: amounts falling due after more than one year	21	(15,012)	(15,894)
		<u>208,475</u>	<u>177,064</u>
<b>Provisions for liabilities</b>			
Provisions	23	(13,682)	(8,569)
		<u>(13,682)</u>	<u>(8,569)</u>
<b>Net assets excluding pension liability</b>		<u>194,793</u>	<u>168,495</u>
Pension asset	25	532	-
Pension liability	25	(11,246)	(8,556)
<b>Net assets</b>		<u><u>184,079</u></u>	<u><u>159,939</u></u>

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**SCHNEIDER ELECTRIC LIMITED**  
**REGISTERED NUMBER: 01407228**

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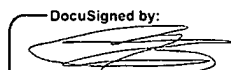
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2022**

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	Note	2022 £000	2021 £000
<b>Capital and reserves</b>			
Called up share capital	29	60,000	60,000
Profit and loss account		124,079	99,939
		<u>184,079</u>	<u>159,939</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 September 2023

**A M Sage**  
Director

DocuSigned by:  
  
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The notes on pages 21 to 69 form part of these financial statements.

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**SCHNEIDER ELECTRIC LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2022	60,000	99,939	159,939
<b>Comprehensive income for the year</b>			
Profit for the year	-	37,668	37,668
Foreign exchange	-	213	213
Actuarial losses on pension scheme (Note 25)	-	(13,741)	(13,741)
<b>Total comprehensive income for the year</b>	-	(13,528)	(13,528)
<b>Total comprehensive income for the year</b>	-	24,140	24,140
<b>Total transactions with owners</b>	-	-	-
<b>At 31 December 2022</b>	<b>60,000</b>	<b>124,079</b>	<b>184,079</b>

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

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	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2021	60,000	46,375	106,375
<b>Comprehensive income for the year</b>			
Profit for the year	-	22,751	22,751
Actuarial gains on pension scheme (Note 25)	-	30,813	30,813
<b>Total comprehensive income for the year</b>	-	30,813	30,813
<b>Total comprehensive income for the year</b>	-	53,564	53,564
<b>Total transactions with owners</b>	-	-	-
<b>At 31 December 2021</b>	<b>60,000</b>	<b>99,939</b>	<b>159,939</b>

The notes on pages 21 to 69 form part of these financial statements.

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## SCHNEIDER ELECTRIC LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1. General information

Schneider Electric Limited is a private limited company incorporated by shares and domiciled in England and Wales.

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

#### 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 Company's business activities, together with the factors likely to affect its future development, performance and its exposures to credit risk and liquidity risk are set out in the Strategic Report on pages 1 to 3.

The directors' have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements (see note 2.2).

The following principal accounting policies have been applied:

##### 2.2 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 5. In addition, these financial statements include the Company's accounting policies, and details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources together with long term contracts with a number of customers and suppliers across different industries and geographic areas. As a consequence the directors believe that the Company is well placed to manage its business risks successfully.

The directors' have prepared forecasts for the next 12 months based upon reasonable expectations of any economic impact on customers and suppliers and including the impact of actions that have already been implemented or could be implemented if trading conditions alter significantly, either adversely or favourably. 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.



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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**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 paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- 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
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Schneider Electric SE as at 31 December 2022 and these financial statements may be obtained from 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 32.

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.4 Impact of new international reporting standards, amendments and interpretations**

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 for the year ended 31 December 2022:

<b>UK-adopted</b>	<b>Effective date: periods beginning on or after</b>
IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
IAS 37 - Onerous Contracts - Cost of fulfilling a Contract	1 January 2022
IFRS 3 - Reference to the Conceptual Framework	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022

**2.5 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is Sterling.

**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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)****2.6 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.). The obligation is recorded under finance lease creditor in creditors due and other non-current liabilities.

**Right-of-use assets**

The Company accounts for the assets related to the right-of-use on the lease starting date (i.e. the date on which the underlying asset is available). Assets are measured at cost, less accumulated amortisation 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. They are recognised as fixed assets, in the Balance Sheet. 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.

**Determining the duration of contracts**

The land and buildings contracts have durations between 8 and 10 years. Vehicles and forklifts are contracted between 3 and 6 years. 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 account break clause options.

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.7 Revenue**

Turnover is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when performance obligations have been satisfied.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money. The Company's activities are described in detail below.

**Sale of goods**

Turnover and a receivable are recognised when products have been shipped to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

The company's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, see note 23.

**Sales of services and solutions**

The Company provides services for all stages of the lifecycle of Schneider Electric products under fixed-price and variable price contracts. Turnover from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and consumes the benefits simultaneously.

The Company provides a comprehensive portfolio of integrated solutions (contracts) to meet specific customer requirements. These solutions are highly customised and are usually treated as one performance obligation. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

For fixed-price contracts, the customer either pays the fixed amount based on a payment schedule or for larger contracts the customer pays monthly for work done. If the services rendered by the Company exceeds the payment, a contract asset (amounts receivable on contracts) is recognised. If the payments exceed the services rendered, a contract liability (payments received on account) is recognised.

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)****2.8 Research and development**

Research and development expenditure is charged to the statement of comprehensive income as an expense in the period during which it is incurred, except for expenditure on development activities where research findings or other knowledge is applied to a specific plan or design for the production of new or substantially improved materials, products or processes. Such development expenditure is capitalised where the company can demonstrate that the plan or design is technically feasible and the Company has adequate technical, financial and other resources to complete development. Capitalised development expenditure is stated at cost less accumulated amortisation and any impairment losses and is amortised on a straight line basis over its economic life.

**2.9 Other 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 bases:

Patents	-	10 % straight line
Software	-	25 % to 33% straight line

Amortisation is charged to administrative expenses in the Statement of Comprehensive Income so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

**2.10 Goodwill**

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure is shown in note 12.

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**SCHNEIDER ELECTRIC LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**2. Accounting policies (continued)****2.11 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2.5% to 10% p.a
Long-term leasehold property	- Higher of 2.5% or period of lease
Plant and machinery	- 10% to 33.3% p.a
Right of use - motor vehicles	- period of lease
Right of use - land & buildings	- period of lease
Assets under construction	- Not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, 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 in profit or loss.

**2.12 Impairment of fixed assets**

Fixed assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is adjusted. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

**2.13 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 moving average valuation for stock purchased from third parties and at annual transfer price for stock purchased from group suppliers. Work in progress and finished goods include labour and attributable overheads.

At each statement of financial position 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 the statement of comprehensive income.

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)****2.14 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.

**Impairment of financial assets**

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

**Financial liabilities**

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company does not have any liabilities held for trading nor does it voluntarily classify any financial liabilities as being fair value through profit or loss. The Company's accounting policy for each category is as follows:

Risk hedging management is centralized within the Schneider Electric Corporate Treasury function. The Company's policy is to use derivative financial instruments exclusively to manage and hedge changes in exchange rates or prices of certain raw materials. The Company uses instruments such as foreign exchange forwards and commodities future depending on the nature of the exposure to be hedged. All derivatives are recorded in the balance sheet at fair value with changes in fair value recorded in the statement of income, except when they are qualified in a hedging relationship.

**Foreign currency hedges**

The Company periodically enters into foreign exchange derivatives to hedge the currency risk associated with foreign currency transactions. Whenever possible, monetary items denominated in foreign currency carried in the balance sheet of the Company are hedged by rebalancing assets and liabilities per currency through foreign exchange spots realized with Schneider Electric Corporate Treasury function (natural hedge).

The Company also hedges future contracted Systems cash flows. In accordance with IFRS 9, these are treated as cash flow hedges. These hedging instruments are recognized at fair value in the balance sheet. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is accumulated in equity, under "P&L Reserves", and then recognized in the income statement when the hedged item affects profit or loss.

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)****2.15 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.

**2.16 Finance income and costs**

Finance income and costs are credited or charged to the statement of comprehensive income 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.

**2.17 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change 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 temporary differences that have originated but not reversed by the statement of financial position date, except that:

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair value 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.



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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)****2.18 Provisions for liabilities**

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

Provisions are charged as an expense to the statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows when the effect of the time value of money is material.

Provisions are primarily set aside for:

**Warranty costs**

Statistical provisions for warranty costs 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 statement of financial position date. Additional specific warranties are provided where liabilities for known product defects exist.

**Restructuring costs**

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the company.

**Contract loss costs**

Provision is made for all expected losses at completion of some long term contracts as soon as they are known. Such costs are generally incurred within two years of the statement of financial position date.

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)****2.19 Pensions****Defined contribution pension scheme**

The Company operates a defined contribution scheme for its employees. A defined contribution scheme is a pension scheme under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

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 scheme are held separately from the Company in independently administered funds.

**Defined benefit pension scheme**

The cost of providing benefits under the defined benefit plan is determined separately for each plan using the projected unit credit actuarial valuation method. Annually the company engages independent actuaries to calculate the obligation. The service cost of providing retirement benefits to employees during the year is charged to operating profit or loss in the year. The cost of providing amendments to benefits in respect of past service is also charged to operating profit or loss in the year of the plan amendment or curtailment. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, and is recognised in the income statement within other finance charges. Re-measurements, comprising of actuarial gains and losses, the change in irrecoverable surplus in excess of interest and the return on plan assets (excluding net interest), are recognised immediately in the statement of comprehensive income in the year. Re-measurements are not classified to the profit or loss in subsequent periods. The net surplus or deficit on defined benefit pension schemes is reported on the balance sheet within the pension asset or liability.

The value of any defined benefit asset recognised is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. When the company is committed to making minimum funding payments to a defined benefit plan, and the present value of the agreed funding payments exceeds the liability in respect of the plan as measured under IFRSs, a provision is recognised for any part of the resulting surplus that would not be recoverable.

**2.20 Interest income**

Interest income is recognised in the statement of comprehensive income using the effective interest method.

**2.21 Share based payments**

As part of its overall staff pay policy, each year Schneider Electric group sets up a long-term incentive plan. The plans are based on an annual allocation of performance shares. For international plans the vesting period for share allocations is three and four years. Performance shares vest only if the beneficiary is a Group employee as of the vesting date and if certain performance targets are met. The cost of the plans are charged to the statement of comprehensive income over the period of the plans. For further details please refer to note 27 of these accounts and the Schneider Electric group financial statements.

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.22 Dividends**

Equity dividends are recognised when they become legally payable.

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## SCHNEIDER ELECTRIC LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

The following are critical judgments that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

##### **Defined Benefit Pension Scheme**

The Company's defined benefit pension obligation is discounted at rates set by reference to market yields at the end of the reporting period on high quality corporate bonds of equivalent term to the plan liabilities. Significant judgment is required when setting the criteria for the bonds to be included in the population from which the yield curve is derived. The most significant criteria for the selection of the bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. The assumptions used at 31 December 2022 are:

Discount Rate	4.85%
Inflation Rate RPI	3.30%
Inflation Rate CPI	2.60%

The carrying amounts, assumptions and the sensitivity analysis used at 31 December 2022 are set out in notes 25 to 28.

##### **Key sources of estimation uncertainty**

##### **Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires an estimate of the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. This calculation uses a discount rate of 8.3% (2021: 7.3%). The discount rate is the WACC of the Schneider Electric group adjusted for the UK market, and increase in turnover of 1% per annum and return on sales remaining same as current year. The carrying amount of the financial statement item affected is included in Note 12.

There is no impact on the impairment of goodwill for either an increase of 0.05% or a decrease of 0.05% in the discount rate.

##### **Long-term fixed price contracts**

Certain fixed price contracts span more than one accounting period and can have a duration of more than one year. The Company's accounting policies for these projects require revenue and costs to be allocated to individual accounting periods and the consequent recognition at period-end of accrued or deferred income for projects still in progress. Management apply judgement in estimating the total revenue and total costs expected on each project. Such estimates are revised as a project progresses to reflect the current status of the project and the latest information available to management. The project teams regularly review contract progress to ensure the latest estimates are appropriate. The carrying amounts of contract assets and liabilities are stated in Note 4.

Provision is made for all losses on contracts as soon as they are known. The estimation of the total costs for a project and the financial effect of any losses from increasing costs is inherently uncertain and the Company has provided for the financial effect based on its knowledge of the contractual position. The contract loss provision can be found in Note 23.

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**SCHNEIDER ELECTRIC LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**4. Analysis by turnover**

An analysis by cash generating units is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Cash generating unit		
Low voltage	<b>482,397</b>	427,638
Medium voltage	<b>208,024</b>	192,328
Industrial automation	<b>55,658</b>	51,389
Secure Power	<b>13,183</b>	-
	<b>759,262</b>	671,355

**Turnover by type**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Sale of goods	<b>369,007</b>	385,627
Sale of services	<b>77,960</b>	71,705
Sale of solutions	<b>312,295</b>	214,023
	<b>759,262</b>	671,355

**Analysis of turnover by country of destination**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
UK	<b>665,103</b>	590,815
France	<b>35,669</b>	21,393
Ireland	<b>17,736</b>	21,894
Rest of Europe	<b>16,826</b>	12,480
Rest of World	<b>23,928</b>	24,773
	<b>759,262</b>	671,355

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**SCHNEIDER ELECTRIC LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**4. Turnover (continued)**

Assets and liabilities related to contracts with customers

The Company has recognised the following assets and liabilities related to contracts with customers.

	<b>2022</b>	2021
	<b>£000</b>	£000
Amounts receivable on contracts	<b>16,143</b>	11,667
Payments received on account	<b>41,861</b>	28,571
Contract loss provision	<b>5,363</b>	601

**Significant changes in contract assets and liabilities**

The Company has many contracts for services and solutions underway at any point in time, these are a mix of large and small contracts on milestone and monthly invoicing. For solutions, applications to invoice are made to customers and then invoices raised when certificate of work done is received. Amounts receivable on contracts fluctuates depending upon the mix of contracts, the status of applications submitted and also the stage of contract completion at the year end date.

**Revenue recognised in relation to contract liabilities**

The revenue recognised in the current reporting period relating to brought forward contract liabilities

	<b>2022</b>	2021
	<b>£000</b>	£000
Revenue recognised that was included in the contract liability balance at the beginning of the period	<b>28,571</b>	16,276

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**5. Operating profit**

The operating profit is stated after charging:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Research & development charged as an expense	<b>858</b>	850
Management charges	<b>22,454</b>	21,207
Staff costs	<b>158,064</b>	152,973
Leases - short term assets	-	395
Leases - low value leases	<b>60</b>	68
Depreciation of tangible fixed assets	<b>9,272</b>	9,308
Amortisation of intangible assets	<b>(123)</b>	(131)
Exchange differences	<b>(835)</b>	(86)
Loss on disposal of owned assets	<b>284</b>	126
Increase/(reduction) of expected credit loss provision	<b>337</b>	(121)
Restructuring costs	<b>3,508</b>	3,867
Cost of stocks recognised as an expense	<b>292,775</b>	385,314
Impairments in stock recognised as an expense	<b>4,873</b>	733
	<u><b>          </b></u>	<u><b>          </b></u>

**6. Auditor's remuneration**

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

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Fees for the audit of the company	<b>259</b>	220
Fees for the audit of other companies of the Schneider Electric group	<b>32</b>	30
	<u><b>          </b></u>	<u><b>          </b></u>

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2022</b>	2021
	<b>£000</b>	£000
Wages and salaries	133,248	130,408
Social security costs	14,665	12,855
Cost of defined benefit scheme	21	81
Staff pension costs - defined contribution schemes	10,130	9,629
	<u>158,064</u>	<u>152,973</u>

The cost of the defined benefit scheme is determined to be the current and past service cost charged to the profit and loss. Further details can be observed in Note 25.

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

	<b>2022</b>	2021
	<b>No.</b>	No.
Manufacturing, project and service engineers	1,236	1,166
Administration and management staff	1,021	1,015
Sales staff	136	131
Apprentice	64	72
	<u>2,457</u>	<u>2,384</u>

**8. Directors' remuneration**

	<b>2022</b>	2021
	<b>£000</b>	£000
Directors' emoluments	1,743	1,498
Long term incentive plan	650	375
Company contributions to defined contribution pension schemes	36	42
	<u>2,429</u>	<u>1,915</u>



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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**8. Directors' remuneration (continued)**

	<b>2022 No.</b>	<b>2021 No.</b>
<b>Directors who are members of:</b>		
Company defined contribution pension scheme	<b>3</b>	4
Company defined benefit pension scheme	-	1,000

The Company closed the defined benefit scheme in 2010 to future accrual.

	<b>2022 £000</b>	<b>2021 £000</b>
Directors issued shares in the long term incentive plan*	<b>5</b>	6
Directors with shares vesting under long term incentive plan*	<b>6</b>	4

\*including the highest paid director

	<b>2022 £000</b>	<b>2021 £000</b>
<b>Highest paid director</b>		
Director's emoluments and amounts receivable under long-term incentive schemes	<b>863</b>	649
Contribution to defined contribution pension scheme	-	-
	<b>863</b>	649

**9. Interest payable and similar expenses**

	<b>2022 £000</b>	<b>2021 £000</b>
Loans from group undertakings	<b>169</b>	157
Leases interest cost	<b>440</b>	452
	<b>609</b>	609

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**10. Other finance income/(costs)**

	<b>2022</b>	2021
	<b>£000</b>	£000
Defined benefit income/(cost) for year (note 25)	<b>205</b>	(777)
	<u><b>205</b></u>	<u>(777)</u>

**11. Taxation**

	<b>2022</b>	2021
	<b>£000</b>	£000
Corporation tax		
Current tax on profits for the year	-	9
Adjustments in respect of previous periods	<b>154</b>	(8)
	<u><b>154</b></u>	<u>1</u>
Total current tax	<u><b>154</b></u>	<u>1</u>
Deferred tax		
Origination and reversal of timing differences	<b>5,010</b>	2,733
Changes to tax rates	-	997
Total deferred tax	<u><b>5,010</b></u>	<u>3,730</u>
Taxation on profit on ordinary activities	<u><b>5,164</b></u>	<u>3,731</u>

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**11. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%). The differences are explained below:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Statement of Comprehensive Income	<b>42,829</b>	<b>26,482</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%)	<b>8,138</b>	<b>5,032</b>
Effects of:		
Income/(expenses) not deductible for tax purposes	<b>759</b>	<b>(173)</b>
Adjustments to tax charge in respect of prior periods	<b>154</b>	<b>1</b>
Deferred tax	<b>1,649</b>	<b>(535)</b>
Change in tax rate	<b>-</b>	<b>997</b>
Group relief	<b>(5,536)</b>	<b>(1,591)</b>
Total tax charge for the year	<b>5,164</b>	<b>3,731</b>

**Factors that may affect future tax charges**

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.

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**12. Goodwill**

	<b>2022 £000</b>
Cost	
At 1 January 2022	<b>109,919</b>
At 31 December 2022	<b>109,919</b>
Amortisation	
At 1 January 2022	<b>6,681</b>
At 31 December 2022	<b>6,681</b>
Net book value	
At 31 December 2022	<b>103,238</b>
At 31 December 2021	<b>103,238</b>

**Cash generating units**

Goodwill is allocated to the company's cash generating unit as follows:

	<b>2022 £000</b>	<b>2021 £000</b>
Low voltage	<b>374</b>	<b>374</b>
Medium voltage	<b>102,864</b>	<b>102,864</b>
	<b>103,238</b>	<b>103,238</b>

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**12. Goodwill (continued)**

Goodwill is capitalised as an intangible asset and is not amortised. It is reviewed annually for impairment with any impairment in carrying value being charged to the statement of comprehensive income. The Companies Act 2006 requires acquired goodwill to be reduced by provisions of depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, that the non-amortisation of goodwill is a departure for the overriding purpose of giving a true and fair view in line with FRS 101. The impact of this departure on the net book value of goodwill is given below using a useful economic life of 20 years. The useful economic life of 20 years was selected as the business acquired was expected to continue indefinitely but the maximum life allowed under UK GAAP at the time was 20 years.

	£000
Cost at 31 December 2022 and 2021	<u>109,919</u>
Net book value at 31 December 2022	<u>53,569</u>
Net book value at 31 December 2021	<u>59,088</u>
Charge to Statement of Comprehensive Income	<u>5,519</u>

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**13. Intangible assets**

	Patents £000	Software £000	Total £000
Cost			
At 1 January 2022	127	2,909	3,036
Additions	-	20	20
Disposals	-	(12)	(12)
At 31 December 2022	<u>127</u>	<u>2,917</u>	<u>3,044</u>
Amortisation			
At 1 January 2022	127	2,716	2,843
Charge for the year	-	123	123
On disposals	-	(12)	(12)
At 31 December 2022	<u>127</u>	<u>2,827</u>	<u>2,954</u>
Net book value			
At 31 December 2022	<u>-</u>	<u>90</u>	<u>90</u>
At 31 December 2021	<u>-</u>	<u>193</u>	<u>193</u>

Amortisation is charged to the Statement of Comprehensive Income within administrative expenses.

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**14. Tangible fixed assets**

	Freehold property £000	Long-term leasehold property £000	Plant and machinery £000	Motor vehicles-right of use £000	Land & buildings-right of use £000	Assets under construction £000	Total £000
<b>Cost</b>							
At 1 January 2022	19,606	11,949	49,185	5,274	20,210	2,055	108,279
Additions	1,088	390	3,698	5,409	44	431	11,060
Disposals	(1,569)	(1,021)	(2,123)	(1,845)	(259)	-	(6,817)
Transfers between classes	364	169	1,456	-	-	(1,989)	-
<b>At 31 December 2022</b>	<b>19,489</b>	<b>11,487</b>	<b>52,216</b>	<b>8,838</b>	<b>19,995</b>	<b>497</b>	<b>112,522</b>
<b>Depreciation</b>							
At 1 January 2022	9,918	5,580	38,239	1,314	5,877	80	61,008
Charge for the year	583	602	3,187	1,981	2,920	-	9,273
Disposals	(220)	(890)	(2,016)	(963)	(259)	-	(4,348)
Transfers between classes	56	207	(183)	-	-	(80)	-
<b>At 31 December 2022</b>	<b>10,337</b>	<b>5,499</b>	<b>39,227</b>	<b>2,332</b>	<b>8,538</b>	<b>-</b>	<b>65,933</b>
<b>Net book value</b>							
At 31 December 2022	9,152	5,988	12,989	6,506	11,457	497	46,589
At 31 December 2021	9,688	6,369	10,946	3,960	14,333	1,975	47,271

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**14. 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:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Tangible fixed assets owned	<b>28,626</b>	28,978
Right-of-use tangible fixed assets	<b>17,963</b>	18,293
	<u><b>46,589</b></u>	<u>47,271</u>
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Capital commitments		
Approved and committed	<b>881</b>	528
Approved not committed	<b>61</b>	-
	<u><b>942</b></u>	<u>528</u>

**15. Fixed asset investments**

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Schneider Electric DC Trustees Limited	Stafford Park 5, Telford. TF3 3BL	Ordinary	100%
Schneider Trustees Limited	Stafford Park 5, Telford. TF3 3BL	Parts	100%

There is no value attributed to the subsidiary undertakings.



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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**16. Stocks**

	<b>2022</b>	2021
	<b>£000</b>	£000
Raw materials and consumables	<b>30,341</b>	24,885
Work in progress	<b>15,438</b>	13,477
Finished goods and goods for resale	<b>42,730</b>	40,948
	<u><b>88,509</b></u>	<u>79,310</u>

There is no significant difference between the replacement cost and their carrying cost.

Stocks are stated after provisions of £10,153,000 (2021: £5,769,000)

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**17. Debtors**

	<b>2022</b>	2021
	<b>£000</b>	£000
Due after more than one year		
Debtors due after more than 1 year (see Note 18)	<b>1,333</b>	1,762
	<u><b>1,333</b></u>	<u>1,762</u>
	<b>2022</b>	2021
	<b>£000</b>	£000
Due within one year		
Trade debtors	<b>119,703</b>	107,409
Amounts owed by group undertakings	<b>48,643</b>	43,220
Other debtors	<b>587</b>	-
Prepayments and accrued income	<b>2,355</b>	2,665
Amounts recoverable on long-term contracts	<b>16,143</b>	11,667
Corporation tax debtor	<b>-</b>	17
	<u><b>187,431</b></u>	<u>164,978</u>

Amounts owed by group undertakings relate to trading balances which are unsecured and are receivable in accordance with normal trading terms. No interest is charged on short-term trading balances.

Amounts recoverable on long-term contracts represent costs to fulfil a contract, deferred in accordance with IFRS 15, where the related performance obligation is incomplete.

Trade receivables are stated after provisions for expected credit loss of £1,369,000 (2021: £2,558,000). No expected credit loss allowance has been made for amounts owed by group undertakings.

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**18. Deferred taxation**

	<b>2022 £000</b>
At beginning of year	1,762
Recognised in profit and loss:	
Arising on movement in accelerated capital allowances	(651)
Arising on other short term timing differences	(4,360)
Recognised in other comprehensive income:	
Arising on movement in the defined benefit pension schemes	4,580
At end of year	<u>1,331</u>

The deferred tax asset is made up as follows:

	<b>2022 £000</b>	<b>2021 £000</b>
Accelerated capital allowances	(2,816)	(2,164)
Defined benefit pension deficit	2,679	2,138
Other short term timing differences	1,470	1,788
	<u>1,333</u>	<u>1,762</u>

**19. Cash and cash equivalents**

	<b>2022 £000</b>	<b>2021 £000</b>
Cash at bank and in hand	10,520	33,097
	<u>10,520</u>	<u>33,097</u>

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**20. Creditors: Amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Payments received on account	41,861	28,571
Trade creditors	30,168	22,957
Amounts owed to group undertakings	76,103	116,794
Other taxation and social security	25,457	21,317
Lease creditor	4,956	4,052
Other creditors	20,705	22,136
Accruals and deferred income	14,973	21,064
	<u>214,223</u>	<u>236,891</u>

Amounts owed to group undertakings relate to trading balances which are unsecured and are payable in accordance with normal trading terms. No interest is charged on short-term trading balances.

The contingent liabilities of the Company can be found in note 24.

**21. Creditors: Amounts falling due after more than one year**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Lease creditor	15,012	15,894
	<u>15,012</u>	<u>15,894</u>

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Analysis of timing of payments for lease creditor		
Amounts due in 2 years	4,261	3,826
Amounts due in 3 years	3,250	3,138
Amounts due in 4 years	2,200	2,279
Amounts due in 5 years	1,580	1,802
Amounts due in more than 5 years	3,721	4,849
	<u>15,012</u>	<u>15,894</u>

The total cash outflow for leases in 2022 was £4,759,000 (2021: £4,384,507).

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**22. Financial instruments**

	<b>2022</b>	2021
	<b>£000</b>	£000
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	<b>236</b>	-
Financial assets that are debt instruments measured at amortised cost	<b>178,866</b>	178,927
	<u><b>179,102</b></u>	<u>178,927</u>
<b>Financial liabilities</b>		
Financial liabilities measured at fair value through profit or loss	<b>(23)</b>	-
Financial liabilities measured at amortised cost	<b>(168,543)</b>	(182,952)
	<u><b>(168,566)</b></u>	<u>(182,952)</u>

Financial assets and liabilities measured at fair value through profit or loss comprise forward contracts for future revenue and costs for solutions, these are included in other debtors and other creditors in notes 17 and 20.

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

Financial liabilities measured at amortised cost comprise of trade creditors, amounts owed to group undertakings, bank overdraft, payments received on account and short and long term lease creditors.

**23. Provisions**

	<b>Restructuring Provision £000</b>	<b>Warranty Provision £000</b>	<b>Contract Loss Provision £000</b>	<b>Other Provision £000</b>	<b>Total £000</b>
At 1 January 2022	2,324	5,607	601	37	8,569
Charged to profit or loss	1,531	2,489	8,925	-	12,945
Utilised in year	(2,295)	(1,337)	(4,163)	(37)	(7,832)
At 31 December 2022	<u>1,560</u>	<u>6,759</u>	<u>5,363</u>	<u>-</u>	<u>13,682</u>

Provisions are recognised following the principles described in Note 2.18

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**24. Contingent liabilities**

	<b>2022</b>	2021
	<b>£000</b>	<b>£000</b>
Bank guarantees have been issued in favour of:		
Customers of the Company	<b>4,267</b>	5,496
HMRC - VAT deferment	<b>1,019</b>	1,030
Pension Scheme	<b>400</b>	-
	<u><b>5,686</b></u>	<u>6,526</u>

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 £15m.

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

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**25. Pension scheme**

On 1 January 2022 the Company was party to three pension schemes for the majority of its employees as follows:

- Schneider Electric DC Trust Scheme - defined contribution scheme
- Schneider Pension Plan - defined benefit scheme
- Electricity Supply Pension Scheme - defined benefit scheme

During the year the Company took over the employer sponsorship for the N J Froment and Company Retirement Benefit Scheme, this is a defined benefit pension plan.

**Defined contribution scheme**

At 31 December all contributions have been paid to the pension scheme. The contributions to be paid to the scheme during 2023 are expected to be similar to those paid in 2022.

**Defined benefit schemes**

The assets of the schemes are held under trust and are managed by third party investment managers. The schemes are subject to independent valuations 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 FRS101 has been calculated by a qualified independent actuary based on the most recent actuarial valuation updated to 31 December 2022.

The Schneider Pension Plan is closed to new members and is funded to cover future pension liabilities in respect of service up to 31 May 2010. The Company contribution to this scheme in 2023 is expected to be £15,350,000. This is based on the 2021 Schedule of Contributions, which was signed on 30 November 2021. The average duration of the benefit obligation at the end of the reporting period is 14 years (2021 - 17 years) see Note 26 for details.

The Electricity Supply Pension Scheme is closed to new members and is funded to cover future pension liabilities in respect of service up to the 31 December 2022. The Company expects to contribute £588,000 during 2023 to this scheme. The average duration of the benefit obligation at the end of the reporting period is 15 years (2021 - 20 years) see Note 27 for details.

The N J Froment and Company Retirement Benefit Scheme is closed to new members and is funded to cover future pension liabilities in respect of service up to the 31 December 2022. The Company expects to contribute £193,000 during 2023 to this scheme. The average duration of the benefit obligation at the end of the reporting period is 21 years, see Note 28 for details.

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**SCHNEIDER ELECTRIC LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**25. Pension scheme (continued)**

A summary of the three defined benefit final salary schemes is set out below:

Amounts recognised in the statement of financial position are as follows:

	<b>SPP Scheme £000</b>	<b>ESPS Scheme £000</b>	<b>2022 £000</b>	<b>NJF Scheme £000</b>
Present value of scheme liabilities	(300,570)	(19,787)	(320,357)	(711)
Fair value of scheme assets	290,963	18,148	309,111	1,530
Funded status	(9,607)	(1,639)	(11,246)	819
Asset ceiling	-	-	-	(287)
Net amount recognised at year end	(9,607)	(1,639)	(11,246)	532
Relation deferred tax asset/(liability)	2,401	410	2,811	(205)
Net Pension Liability	(7,206)	(1,229)	(8,435)	327

	<b>SPP Scheme £000</b>	<b>ESPS Scheme £000</b>	<b>2021 £000</b>	<b>NJF Scheme £000</b>
Present value of scheme liabilities	(462,527)	(32,995)	(495,522)	-
Fair value of scheme assets	453,800	33,166	486,966	-
Funded status	(8,727)	171	(8,556)	-
Asset ceiling	-	-	-	-
Net amount recognised at year end	(8,727)	171	(8,556)	-
Relation deferred tax asset/(liability)	2,181	(43)	2,138	-
Net Pension Liability	(6,546)	128	(6,418)	-

The NJF Scheme has a net surplus at 31 December 2022 an asset ceiling adjustment relates to the 35% withholding tax applicable on the refund of net pension surplus. The Company has an unconditional right to refund of this asset after reviewing the pension trust deeds.



# SCHNEIDER ELECTRIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 25. Pension scheme (continued)

Amounts recognised in other comprehensive income:

The current and past service costs, settlements and curtailments, together with the net interest expense for the year are included in the employee benefits expense in the statement of comprehensive income. Remeasurements of the net defined benefit liability are included in other comprehensive income.

	SPP Scheme £000	ESPS Scheme £000	NJF Scheme £000	2022 £000
<b>Service cost</b>				
Current service cost (net of employee contributions)	-	21	-	21
Net interest expenses	(200)	(9)	4	(205)
Charge recognised in profit and loss account	(200)	12	4	(184)
<b>Remeasurements of the net liability:</b>				
(Loss)/gain on scheme assets (excluding amount included in interest expense)	171,800	13,254	(47)	185,007
Loss arising from changes in financial assumptions	(174,027)	(12,373)	(175)	(186,575)
Loss arising from changes in demographic assumptions	(3,500)	(175)	(1)	(3,676)
Experience loss	22,200	1,633	24	23,857
On acquisition of pension scheme sponsorship	-	-	(293)	(293)
(Credit)/charge recorded in other comprehensive income	16,473	2,339	(492)	18,320
<b>Total defined benefit cost</b>	<b>16,273</b>	<b>2,351</b>	<b>(488)</b>	<b>18,136</b>

	SPP Scheme £000	ESPS Scheme £000	NJF Scheme £000	2021 £000
<b>Service cost</b>				
Current service cost (net of employee contributions)	-	81	-	81
Net interest expenses	700	77	-	777
Charge recognised in profit and loss account	700	158	-	158
<b>Remeasurements of the net liability:</b>				
(Loss)/gain on scheme assets (excluding amount included in interest expense)	(8,900)	(3,126)	-	(12,026)
Loss arising from changes in financial assumptions	(14,810)	(1,711)	-	(16,521)
Loss arising from changes in demographic assumptions	(12,300)	(10)	-	(12,310)
Experience loss / (gain)	5,200	(634)	-	4,566
On acquisition of pension scheme sponsorship	-	-	-	-
(Credit)/charge recorded in other comprehensive income	(30,810)	(5,481)	-	(36,291)
<b>Total defined benefit cost</b>	<b>(30,110)</b>	<b>(5,323)</b>	<b>-</b>	<b>(35,433)</b>

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**26. Schneider Pension Plan**

The Company sponsors the Schneider Pension Plan (the "Plan"), a funded defined benefit pension scheme in the UK. The Plan is administered within a trust which is legally separate from the Company. Trustees are appointed by both the Company and the Plan's membership and act in the interest of the Plan and all relevant stakeholders, including the members and the Company. The Trustees are also responsible for the investment of the Plan's assets.

The Plan provides pensions and lump sums to members on retirement and to their dependants on death. Members who leave service before retirement are entitled to a deferred pension. The Plan closed to accrual of benefits on 31 May 2010. The Plan benefits for members who were still in employment continued to be linked to their current salary, until the salary link was removed with effect from 31 March 2019.

Responsibility for making good any deficit within the Plan lies with the Company and this introduces a number of risks for the Company. The major risks are interest rate risk, inflation risk, investment risk and longevity risk. The Company and Trustees are aware of these risks and manage them through appropriate investment and funding strategies including the use of liability driven investments. The Trustees manage governance and operational risks through a number of internal controls policies, including a risk register.

The Plan is subject to regular actuarial valuations, which are usually carried out every three years. The last actuarial valuation was carried out with an effective date of 5 April 2021. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures, which are determined using best estimate assumptions.

For the purposes of this disclosure, the results of the 5 April 2021 valuation have been projected to 31 December 2022 by a qualified actuary. The figures in the following disclosure were measured using the Projected Unit Method.

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**SCHNEIDER ELECTRIC LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**26. Schneider Pension Plan (continued)**

The principal actuarial assumptions used were:

	<b>2022</b>	<b>2021</b>
	<b>% per annum</b>	<b>% per annum</b>
Liability discount rate	<b>4.85%</b>	1.90%
Inflation assumption - RPI	<b>3.30%</b>	3.35%
Inflation assumption - CPI	<b>2.60%</b>	2.70%
Revaluation of deferred pensions in excess of GMP	<b>2.60%</b>	2.70%
Increases for pensions in payment in line with:		
RPI capped at 5%	<b>3.00%</b>	3.25%
RPI capped at 2.5%	<b>2.05%</b>	2.25%
Proportion of maximum available cash taken at retirement	<b>80.00%</b>	80.00%
Mortality assumption pre retirement	Same as post retirement	Same as post retirement
Mortality assumption male post retirement	108% SAPS S3PMA CMI 2021 1.25%	104% SAPS S3PMA CMI 2020 1.25%
Mortality assumption female post retirement	108% SAPS S3PMA CMI 2021 1.25%	104% SAPS S3PFA CMI 2020 1.25%
Expected age at death of current pensioner at age 65:		
Male aged 65 at year end:	<b>86.4</b>	86.6
Female aged 65 at year end:	<b>88.8</b>	89.0
Expected age at death of future pensioner at age 65:		
Male aged 45 at year end:	<b>87.7</b>	87.9

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**SCHNEIDER ELECTRIC LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**26. Schneider Pension Plan (continued)**

The major categories of scheme assets are as follows:

	2022	2021
	£000	£000
<u>Return seeking</u>		
Equities	50,900	95,036
Other return seeking assets	24,900	27,884
	<u>75,800</u>	<u>122,920</u>
 <u>Debt instruments</u>		
Corporate bonds	30,000	46,377
	<u>30,000</u>	<u>46,377</u>
 <u>Other</u>		
Liability driven investments	174,363	278,149
Cash	10,800	6,354
	<u>290,963</u>	<u>453,800</u>
 Total market value of assets		
	<u>290,963</u>	<u>453,800</u>
 Changes in the present value of assets over the period:		
	2022	2021
	£000	£000
Fair value of assets at start of period	453,800	448,337
Interest income	9,300	6,200
(Loss)/gain on assets (excluding amount included in net interest expense)	(171,800)	8,900
Contributions from the employer	15,363	15,363
Benefits paid	(15,700)	(25,000)
Fair value of assets at end of period	<u>290,963</u>	<u>453,800</u>
 Actual return on assets over the period	<u>(162,500)</u>	<u>15,100</u>

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**SCHNEIDER ELECTRIC LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**26. Schneider Pension Plan (continued)**

Changes in the present value of liabilities over the period:

	<b>2022</b>	2021
	<b>£000</b>	£000
Liabilities at start of period	<b>462,527</b>	502,537
Interest cost	<b>9,100</b>	6,900
Remeasurement gains/(losses):		
Actuarial losses arising from changes in financial assumptions	<b>(174,057)</b>	(14,810)
Actuarial losses arising from changes in demographic assumptions	<b>(3,500)</b>	(12,300)
Other experience items	<b>22,200</b>	5,200
Benefits paid	<b>(15,700)</b>	(25,000)
Liabilities at end of period	<b><u>300,570</u></b>	<u>462,527</u>

The split of the scheme's liabilities by category of membership is as follows:

	<b>2022</b>	2021
	<b>£000</b>	£000
In-service deferred members	<b>48,870</b>	93,027
Deferred pensioners	<b>113,800</b>	181,500
Pensions in payment	<b><u>137,900</u></b>	<u>188,000</u>
	<b><u>300,570</u></b>	<u>462,527</u>

	<b>2022</b>	2021
	<b>No of years</b>	No of years
Average duration of the scheme's liabilities at the end of the period	<b>14</b>	17
In-service deferred members	<b>18</b>	22
Deferred pensioners	<b>17</b>	21
Pensions in payment	<b>9</b>	11

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**26. Schneider Pension Plan (continued)**

The Plan has no investments in the Company or in property occupied by the Company.

The Company expects to contribute £15.35m to the Scheme during the year ending 31 December 2023. This is based on the 2021 Schedule of Contributions, which was signed on 30 November 2021.

**Sensitivity of the liability value to changes in the principal assumptions:**

If the discount rate was 0.5 percent higher (lower), the Scheme liabilities would decrease by £18.7m (increase by £20.4m) if all the other assumptions remained unchanged.

If the inflation assumption was 0.5 percent higher (lower), the Scheme liabilities would increase by £14.9m (decrease by £13.9m). In this calculation all assumptions related to the inflation assumption have been appropriately adjusted, that is the deferred pension and pension in payment increases. The other assumptions remain unchanged.

If life expectancies were to increase (decrease) by 1 year, the Scheme liabilities would increase by £11.8m (decrease by £12.0m) if all the other assumptions remained unchanged.

**27. Electricity Supply Pension Plan**

The Company sponsors the Schneider Group of the ESPS ("the Group"), a funded defined benefit pension scheme in the UK. The Scheme is administered within a trust which is legally separate from the Company. Trustees are appointed by both the Company and the Scheme's membership and act in the interest of the Scheme and all relevant stakeholders, including the members and the Company. The Trustees are also responsible for the investment of the Scheme's assets.

This Group provides pensions and lump sums to members on retirement and to their dependants on death. During 2022 the last active member ceased employment with the Company, at 31 December 2022 there are no active members. Active members accrued an annual pension of 1/80th of final salary for each year of Pensionable Service plus a lump sum of 3 times the annual pension. Members who leave service before retirement are entitled to a deferred pension. Active members of the Group paid contributions at the rate of 6% of salary and the Company pays the balance of the cost as determined by regular actuarial valuations.

Responsibility for making good any deficit within the Group lies with the Company and this introduces a number of risks for the Company. The major risks are interest rate risk, inflation risk, investment risk and longevity risk. The Company and Trustees are aware of these risks and manage them through appropriate investment and funding strategies including the use of liability driven investments. The Trustees manage governance and operational risks through a number of internal controls policies, including a risk register.

The Group is subject to regular actuarial valuations, which are usually carried out every three years. The current actuarial valuation is ongoing with an effective date of 31 March 2021. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures, which are determined using best estimate assumptions.

The preliminary results of the 31 March 2021 valuation have been projected to 31 December 2022 by a qualified independent actuary. The figures in the following disclosure were measured using the Projected Unit Method.

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**SCHNEIDER ELECTRIC LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**27. Electricity Supply Pension Plan (continued)**

The principal actuarial assumptions used were:

	<b>2022</b>	<b>2021</b>
	<b>% per annum</b>	<b>% per annum</b>
Liability discount rate	<b>4.85%</b>	2.05%
Inflation assumption - RPI	<b>3.30%</b>	3.35%
Inflation assumption - CPI	<b>2.60%</b>	2.70%
Rate of increase in salaries	<b>3.55%</b>	3.60%
Revaluation of deferred pensions:		
Benefits accrued in excess of GMP	<b>3.30%</b>	3.35%
Increases for pensions in payment:		
Pre 88 GMP	<b>0.00%</b>	0.00%
Post 88 GMP	<b>2.05%</b>	2.25%
Benefits accrued in excess of GMP	<b>3.70%</b>	3.30%
Proportion of employees opting for early retirement	<b>0.00%</b>	0.00%
Proportion of maximum tax free cash commuted	<b>75.00%</b>	75.00%
Mortality assumption - pre retirement	<b>104% SAPS</b>	SAPS S3PxA
	<b>CMI 2020 1.50%</b>	CMI 2020 1.50%
Mortality assumption - male post retirement	<b>104% SAPS</b>	SAPS S3PMA
	<b>CMI 2020 1.50%</b>	CMI 2020 1.50%
Mortality assumption - female post retirement	<b>104% SAPS</b>	SAPS S3PFA
	<b>CMI 2020 1.50%</b>	CMI 2020 1.50%
Expected age of death of current pensioner at age 65:		
Male aged 65 at year end:	<b>86.8</b>	87.0
Female aged 65 at year end:	<b>89.2</b>	89.4
Expected age of death of future pensioner at age 65:		
Male aged 45 at year end:	<b>88.5</b>	88.7
Female aged 45 at year end:	<b>91.0</b>	91.2

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**SCHNEIDER ELECTRIC LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**27. Electricity Supply Pension Plan (continued)**

The major categories of scheme assets are as follows:

	<b>2022</b>	2021
	<b>£000</b>	£000
<u>Return seeking</u>		
UK Equities	-	11,181
Overseas Equities	<b>7,618</b>	9,767
<u>Debt instruments</u>		
Index Linked	<b>5,610</b>	12,218
<u>Other</u>		
LDI	<b>4,246</b>	-
Cash	<b>674</b>	-
 Total market value of assets	 <b>18,148</b>	 <b>33,166</b>

The equity and debt instruments all have quoted prices in active markets.

During the year the Trustees have implemented a strategy of using liability driven investments.

The Scheme has no investments in the Company or in property occupied by the Company.

The Company expects to contribute £588k to the Scheme during year ending 31 December 2023.



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**SCHNEIDER ELECTRIC LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**27. Electricity Supply Pension Plan (continued)****Changes in the present value of assets over the period:**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Fair value of assets at start of period	<b>33,166</b>	30,370
Interest income	<b>655</b>	420
(Loss)/gain on assets (excluding amount included in net interest expense)	<b>(13,254)</b>	3,126
Contributions from the employer	<b>541</b>	606
Contributions from the employees	<b>3</b>	9
Benefits paid	<b>(2,963)</b>	(1,365)
Fair value of assets at end of period	<b><u>18,148</u></b>	<b><u>33,166</u></b>
Actual return on assets over the period	<b><u>(12,599)</u></b>	<b><u>3,546</u></b>

**Changes in the present value of liabilities over the period:**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Liabilities at start of period	<b>32,995</b>	36,128
Current service cost	<b>21</b>	81
Interest cost	<b>646</b>	497
Contributions from the employees	<b>3</b>	9
Remeasurement losses:		
Actuarial losses arising from changes in financial assumptions	<b>(12,373)</b>	(1,711)
Actuarial losses arising from changes in demographic assumptions	<b>(175)</b>	(10)
Other experience items	<b>1,633</b>	(634)
Benefits paid	<b>(2,963)</b>	(1,365)
Liabilities at end of period	<b><u>19,787</u></b>	<b><u>32,995</u></b>

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**SCHNEIDER ELECTRIC LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**27. Electricity Supply Pension Plan (continued)**

The split of the scheme's liabilities by category of membership is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Active members	-	2,987
Deferred pensioners	<b>5,582</b>	8,962
Pensions in payment	<b>14,205</b>	21,046
	<b>19,787</b>	<b>32,995</b>

	<b>2022</b>	<b>2021</b>
	<b>No. of</b>	<b>No. of</b>
	<b>years</b>	<b>years</b>
Average duration of the scheme's liabilities at the end of the period	<b>15</b>	20
Active members	-	21
Deferred pensioners	<b>22</b>	28
Pensions in payment	<b>13</b>	16

**Sensitivity of the liability value to changes in the principal assumptions:**

If the discount rate was 0.5 percent higher (lower), the scheme liabilities would decrease by £1,352,000 (increase by £1,573,000) if all the other assumptions remained unchanged.

If the inflation assumption was 0.5 percent higher (lower), the scheme liabilities would increase by £1,301,000 (decrease by £1,128,000). In this calculation all assumptions related to the inflation assumption have been appropriately adjusted, that is the salary, deferred pension and pension in payment increases. The other assumptions remain unchanged.

If the Retail Price Inflation (RPI) assumption was 0.5 percent higher (lower), the scheme liabilities would increase by £1,360,000 (decrease by £1,227,000). In this calculation all assumptions related to the RPI assumption have been appropriately adjusted, that is the salary, deferred pension and pension in payment increases. The other assumptions remain unchanged.

If life expectancies for a member aged 65 were to increase (decrease) by 1 year, the scheme liabilities would increase by £643,000 (decrease by £643,000) if all the other assumptions remained unchanged.

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**28. N.J. Froment and Company Retirement Benefits Scheme**

On 30 September 2022 N.J. Froment Co Ltd left the Schneider Electric Group and the Company became the sponsors of the N.J. Froment and Company Retirement Benefits Scheme ("the Scheme"), a funded defined benefit pension scheme in the UK. The Scheme is administered within a trust which is legally separate from the Company. Trustees are appointed by both the Company and the Scheme's membership and act in the interest of the Scheme and all relevant stakeholders, including the members and the Company. The Trustees are also responsible for the investment of the Scheme's assets.

This Scheme provides pensions and lump sums to members on retirement and to their dependants on death. There are no active members of this scheme.

The Scheme is subject to regular actuarial valuations, which are usually carried out every three years. The current actuarial valuation is ongoing with an effective date of 6 January 2021. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures, which are determined using best estimate assumptions.

The preliminary results of the 6 January 2021 valuation have been projected to 31 December 2022 by a qualified independent actuary. The figures in the following disclosure were measured using the Projected Unit Method.

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**SCHNEIDER ELECTRIC LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**


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**28. NJ Froment and Company Retirement Benefits Scheme (continued):**

The principal actuarial assumptions used were:

	2022	2,021
	% per annum	% per annum
Liability discount rate	4.85%	-
Inflation assumption - RPI	3.30%	-
Inflation assumption - CPI	2.60%	-
Rate of increase in salaries	3.30%	-
Increases for pensions in payment:		
Pre 88 GMP	0.00%	-
Post 88 GMP	2.05%	-
Benefits accrued in excess of GMP	3.70%	-
Proportion of employees opting for early retirement	0.00%	-
Proportion of maximum tax free cash commuted	75.00%	-
Mortality assumption - post retirement	95% of the standard tables S3PMA / S3PFA_M, year of birth, no age rating projected using CMI_2021 converging to 1.25% pa	
Assumed life expectancy on retirement at age 65		
Male retiring today (member age 65)	87.5	-
Female retiring today (member age 65)	89.3	-
Male retiring in 20 years (member age 45 today)	88.9	-
Female retiring in 20 years (member age 45 today)	90.8	-

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**28. N.J. Froment and Company Retirement Benefits Scheme (continued):**

**Changes in the present value of assets over the period:**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Interest income	6	-
Return on assets (excluding amount included in net interest expense)	47	-
Assets acquired in a business combination	1,521	-
Contributions from the employer	(44)	-
Fair value of assets at end of period	<u>1,530</u>	<u>-</u>
Actual return on assets over the period	<u>53</u>	<u>-</u>

**Changes in the present value of liabilities over the period:**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Liabilities at start of period	-	-
Interest cost	10	-
Remeasurement (gains)/losses:		
Actuarial (gains) and losses arising from changes in financial assumptions	(175)	-
Actuarial (gains) and losses arising from changes in demographic assumptions	(1)	-
Other experience items	24	-
Liabilities assumed on business combinations	853	-
Liabilities at end of period	<u>711</u>	<u>-</u>

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**28. N.J. Froment and Company Retirement Benefits Scheme (continued):**

The split of the scheme's liabilities by category of membership is as follows:

	<b>2022</b>	2021
	<b>£000</b>	£000
Deferred pensioners	<u>711</u>	-
	<u>711</u>	-
	<b>2022</b>	2021
	<b>No of years</b>	No of years
Average duration of the scheme's liabilities at the end of the period	21	-

The major categories of scheme assets are as follows:

	<b>2022</b>	2021
	<b>£000</b>	£000
<u>Return seeking</u>		
UK Equities	<u>113</u>	-
Return seeking subtotal	113	-
<u>Debt instruments</u>		
Index Linked	<u>81</u>	-
Debt instrument subtotal	81	-
<u>Other</u>		
LDI	1,317	-
Cash	19	-
Total market value of assets	<u>1,530</u>	-

The equity and debt instruments all have quoted prices in active markets.

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**28. N.J. Froment and Company Retirement Benefits Scheme (continued)**

The Scheme has no investments in the Company or in property occupied by the Company.

The Company expects to contribute £193,000 to the Scheme during year ending 31 December 2023.

Sensitivity of the liability value to changes in the principal assumptions:

If the discount rate was 0.5 percent higher (lower), the scheme liabilities would decrease by £74,000 (increase by £78,000) if all the other assumptions remained unchanged.

If the inflation assumption was 0.5 percent higher (lower), the scheme liabilities would increase by £76,000 (decrease by £72,000). In this calculation all assumptions related to the inflation assumption have been appropriately adjusted, that is the deferred pension and pension in payment increases. The other assumptions remain unchanged.

If life expectancies for a member aged 65 were to increase (decrease) by 1 year, the scheme liabilities would increase by £36,000 (decrease by £34,000) if all the other assumptions remained unchanged.

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**SCHNEIDER ELECTRIC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**29. Share capital and reserves**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Authorised, allotted, called up and fully paid</b>		
60,000,000 (2021 - 60,000,000) Ordinary shares of £1.00 each	<b>60,000</b>	<b>60,000</b>

Ordinary shares carry one vote per share, are entitled to participate equally in dividends and, if the Company is wound up, share in the proceeds of the Company's assets after all of the debts have been paid.

**Profit and loss account**

The profit and loss account reserve represents accumulative profits and losses of the Company.

**30. Share based payments**

Certain employees of the Company participate in a long term incentive plan which is a share based scheme for shares in Schneider Electric SE. The shares are held in trust by a third party financial institution until maturity after a 3 year period. Employees are required to remain in employment with the Schneider Electric group until the maturity date. Upon maturity the shares can be retained or sold by the employee. A recharge of £51.44 is made per share for shares vested in the year to the Company by Schneider Electric SE (2021: £50.30).

**31. 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.

There are £112,000 (2021: £123,000) of recharges to Schneider Electric Software GB Ltd for the rent of a part of the Schneider Electric Coventry site. This entity is a non-wholly owned entity and the balance outstanding at 31 December 2022 was £67,200 (2021: £44,000).

**32. Controlling party**

The immediate parent undertaking of Schneider Electric Limited is Schneider Electric (UK) 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/>.