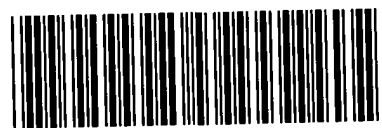

Schneider Electric (UK) Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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Schneider Electric (UK) Limited

COMPANY INFORMATION

Directors	B V Blanc T Lambeth M P Hughes
Company secretary	Invensys Secretaries Limited
Registered number	02886434
Registered office	Stafford Park 5 Telford Shropshire TF3 3BL
Independent auditor	Mazars LLP Chartered Accountants and Statutory Auditor One St Peter's Square Manchester M2 3DE

Schneider Electric (UK) Limited

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Schneider Electric (UK) Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

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

Principal activity

The Company's principal activity is that of a holding company.

Results and dividends

The loss for the year, after taxation, amounted to £5,573,000 (2018 - profit £2,652,000).

No dividend was paid during the year (2018 - £Nil).

Directors

The directors who served during the year were:

B V Blanc
T Lambeth
M P Hughes

Schneider Electric (UK) Limited

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Future developments

The directors do not expect any change in the principal activity during the next financial year.

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

The directors have considered the impact of Covid-19, the immediate risks for the Company are low as it has no employees. The impact on its trading subsidiaries cannot be established due to the uncertainty in how the UK economy will be affected in the medium and longer term. The subsidiary companies are considered key to the electricity industry supply chain. The directors of subsidiary companies are monitoring the situation on a daily basis and are reacting to all Government advice and customer instructions to secure the short and long term success of the company.

Going concern

The financial statements have been prepared on the going concern basis. The directors have prepared forecasts for a period of at least twelve months from the date of signing these financial statements.

The Company's day to day working capital requirements are provided by the Schneider Electric group treasury company and the longer term financing is provided by the UK parent undertaking. As with any company placing reliance on other group companies for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based upon the forecasts prepared for the next twelve months and the undertaking of financial support outlined above, and after making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the company's annual financial statements.

Qualifying third party indemnity provisions

The ultimate parent company (note 19) made provision throughout the year for all directors' indemnity.

Disclosure of information to auditor

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

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

Post balance sheet events

The impact of Covid-19 on the Company since its emergence as a global pandemic is a non adjusting event. Details of the directors response to this is set out in future developments section above.

Auditor

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

Schneider Electric (UK) Limited

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Small companies

In preparing this report, the directors have taken advantage of the small companies exemption provided by section 415A of the Companies Act 2006.

The directors have also taken advantage of the small companies exemption from preparing a strategic report provided by section 414B of the Companies Act 2006.

This report was approved by the board on 20 May 2020 and signed on its behalf.



T Lambeth
Director

Schneider Electric (UK) Limited

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

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

Opinion

We have audited the financial statements of Schneider Electric (UK) Limited (the "Company") for the year ended 31 December 2019 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 2019 and of its loss 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.

Emphasis of matter- Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the Company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 2, and the consideration in the going concern basis of preparation on page 2 and non-adjusting post balance sheet events on page 2.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

Conclusions relating to going concern

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

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

Schneider Electric (UK) Limited

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 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; or
- the Directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Schneider Electric (UK) Limited

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

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



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: 18 June 2020

Schneider Electric (UK) Limited

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
Other operating charges		(6,400)	(1,641)
OPERATING LOSS	4	(6,400)	(1,641)
Income from fixed assets investments	7	8,000	11,576
Interest receivable and similar income	8	527	439
Interest payable and expenses	9	(7,700)	(7,722)
(LOSS)/PROFIT BEFORE TAX		(5,573)	2,652
Tax on (loss)/profit	10	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(5,573)	2,652
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(5,573)	2,652

The notes on pages 10 to 21 form part of these financial statements.

Schneider Electric (UK) Limited
REGISTERED NUMBER: 02886434

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
FIXED ASSETS			
Investments in subsidiary undertakings	11	180,636	187,036
		<u>180,636</u>	<u>187,036</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	12	45,915	49,228
Cash at bank and in hand	13	4,161	-
		<u>50,076</u>	<u>49,228</u>
Creditors: amounts falling due within one year	14	(690)	(669)
NET CURRENT ASSETS		<u>49,386</u>	<u>48,559</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>230,022</u>	<u>235,595</u>
Creditors: amounts falling due after more than one year	15	(200,000)	(200,000)
		<u>30,022</u>	<u>35,595</u>
NET ASSETS		<u><u>30,022</u></u>	<u><u>35,595</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	75,665	75,665
Profit and loss account	17	(45,643)	(40,070)
		<u>30,022</u>	<u>35,595</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 May 2020.


T Lambeth
Director

The notes on pages 10 to 21 form part of these financial statements.

Schneider Electric (UK) Limited

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2019	75,665	(40,070)	35,595
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(5,573)	(5,573)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(5,573)	(5,573)
AT 31 DECEMBER 2019	75,665	(45,643)	30,022

The notes on pages 10 to 21 form part of these financial statements.

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

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2018	75,665	(42,722)	32,943
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	2,652	2,652
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	2,652	2,652
AT 31 DECEMBER 2018	75,665	(40,070)	35,595

The notes on pages 10 to 21 form part of these financial statements.

Schneider Electric (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

The financial statements of Schneider Electric (UK) Limited (the "Company") for the year ended 31 December 2019 were authorised for issue by the board of directors on 20 May 2020 and the statement of financial position was signed on the board's behalf by Trevor Lambeth. Schneider Electric (UK) 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.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Schneider Electric SE, a company incorporated in France.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The results of Schneider Electric (UK) Limited 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 19.

The following principal accounting policies have been applied:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

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

For certain disclosure exemptions listed above the equivalent disclosures are included in the consolidated financial statements of Schneider Electric SE which are available to the public and can be obtained as set out in note 19.

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/>.

2.3 New and revised IFRSs

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 2019:

Endorsed

**EU effective date - periods
beginning on or after**

Amendments to IFRS 16 Leases

1 January 2019

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.4 Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate. The directors have prepared forecasts for a period of at least twelve months from the date of signing these financial statements.

The Company's day to day working capital requirements and longer term financing are provided by the Schneider Electric group treasury company. As with any company placing reliance on other group companies for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based upon the forecasts prepared for the next twelve months and the undertaking of financial support outlined above, and after making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the company's annual financial statements.

The directors have considered the impact of Covid-19, the immediate risks for the Company are low as it has no employees. The impact on its trading subsidiaries cannot be established due to the uncertainty in how the UK economy will be affected in the medium and longer term. The directors of subsidiary companies are monitoring the situation on a daily basis and are reacting to all Government advice and customer instructions to secure the short and long term success of the company.

The impact of Covid-19 on the Company since its emergence as a global pandemic is a non adjusting event.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

2.6 Interest income

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.7 Finance costs

Finance costs are 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.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted company shares, which have been classified as fixed asset investments as the Company intends to hold them on a continuing basis are reviewed annually for any impairment.

2.9 Debtors

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

2.10 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.

2.11 Creditors

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

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

2.12 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.12 Financial instruments (continued)

Fair value through profit or loss

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

Impairment of financial assets

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

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

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

2.13 Dividends

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

Schneider Electric (UK) Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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.

Impairment of investments and loans to subsidiaries

Determining whether investments and loans to subsidiaries are impaired requires an estimation of the value of each investment. This valuation requires an estimate of the future cash flows expected to arise from the investment, and a suitable discount rate in order to calculate the present value. The discount rate used at 31 December 2019 was 7.6% which is calculated using the Schneider Electric Group WACC adjusted for UK market and average increase in turnover of 7% per annum and average return on sales of 5.7%. In estimating future cashflows, assumed annual growth rates of 2.0% to 11.7% over the next 5 years including a terminal growth rate of 3% have been used. These growth rates were established based on conditions that existed at 31 December 2019 and do not reflect the potential impact of the Covid 19 pandemic which as disclosed in page 2 is a non-adjusting post balance sheet event.

4. Operating loss

The operating loss is stated after charging:

	2019 £000	2018 £000
Impairment of investment in subsidiary	6,400	640

5. Auditor's remuneration

The auditor's remuneration was borne by a fellow group undertaking.

6. Employees

There were no employees during the year (2018 - £Nil).

The directors are employed by other group companies within the Schneider Electric group and are remunerated by fellow group companies for their services to the group as a whole. It is not practical to allocate their remuneration for their services as a director between group companies.

7. Income from fixed asset investments

	2019 £000	2018 £000
Fixed asset investments - dividends received	8,000	11,576
	8,000	11,576

Schneider Electric (UK) Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Interest receivable and similar income

	2019	2018
	£000	£000
Interest receivable from group companies	527	439
	527	439

9. Interest payable and similar expenses

	2019	2018
	£000	£000
Loan interest payable to group companies	7,700	7,722
	7,700	7,722

10. Taxation

	2019	2018
	£000	£000
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

Schneider Electric (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - *lower than*) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 £000	2018 £000
(Loss)/profit on ordinary activities before tax	(5,573)	2,652
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	(1,059)	504
Effects of:		
Expenses not deductible for tax purposes	1,216	312
Dividends from UK companies	1,520	(2,200)
Group relief	(1,677)	1,384
Total tax charge for the year	-	-

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Schneider Electric (UK) Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2019	212,676
At 31 December 2019	<u>212,676</u>
Impairment	
At 1 January 2019	25,640
Charge for the period	6,400
At 31 December 2019	<u>32,040</u>
Net book value	
At 31 December 2019	<u><u>180,636</u></u>
<i>At 31 December 2018</i>	<u><u>187,036</u></u>

A list of subsidiary undertakings can be found in Note 20.

12. Debtors

	2019 £000	2018 £000
Amounts owed by group undertakings	<u>45,915</u>	<u>49,228</u>
	<u><u>45,915</u></u>	<u><u>49,228</u></u>

Amounts owed by group undertakings comprise £11,854,000 (2018: £11,854,000) which are unsecured, interest free and repayable on demand, and £34,061,000 (2018: £37,374,000), which are unsecured, bears interest at LIBOR +0.75% (2018: LIBOR +0.75%).

Schneider Electric (UK) Limited

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank and in hand	4,161	-
	<u>4,161</u>	<u>-</u>

Cash is deposited with the SE Group finance company. Interest is received at LIBOR +0.25% and is repayable on demand.

14. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Amounts owed to group undertakings	690	669
	<u>690</u>	<u>669</u>

Amounts owed to group undertakings are unsecured, repayable on demand and charge interest at LIBOR +0.75% (2018: unsecured, LIBOR +0.75% and are repayable on demand).

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

	2019 £000	2018 £000
Amounts owed to group undertakings	200,000	200,000
	<u>200,000</u>	<u>200,000</u>

Loan value £	Repayment date	Interest rate	Security
50,000,000	22 December 2021	3.09%	Unsecured
50,000,000	22 December 2022	3.65%	Unsecured
50,000,000	22 December 2023	3.96%	Unsecured
50,000,000	22 December 2026	4.49%	Unsecured

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16. Share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
75,664,658 (2018 - 75,664,658) Ordinary shares of £1.00 each	75,665	75,665

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 the debts have been paid.

17. Reserves

Profit and loss account

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

18. Related party transactions

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

19. Controlling party

The immediate parent undertaking of Schneider Electric (UK) Limited is Schneider Electric Industries SAS, a company registered in France.

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-92506 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/>.

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20. Subsidiary undertakings

The following are subsidiaries of Schneider Electric (UK) Limited:

Company name	Registered office	Class of shares	Holding
Schneider Electric Limited	Stafford Park 5, Telford TF3 3BL	Ordinary	100%
M & C Energy Group Limited	Stafford Park 5, Telford TF3 3BL	Ordinary	100%
GET Group Limited	Stafford Park 5, Telford TF3 3BL	Ordinary	100%
Jo-EI Electric Limited	Stafford Park 5, Telford TF3 3BL	Ordinary	100%
Mita (UK) Limited	Stafford Park 5, Telford TF3 3BL	Ordinary	100%
Pro-Face (UK) Limited	Stafford Park 5, Telford TF3 3BL	Ordinary	100%
Schneider Electric Energy Holdings UK Limited	Stafford Park 5, Telford TF3 3BL	Ordinary	100%
Yorkshire Switchgear Group Limited	Stafford Park 5, Telford TF3 3BL	Ordinary	100%