
Invensys International Holdings Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

THURSDAY



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COMPANIES HOUSE

Invensys International Holdings Limited

COMPANY INFORMATION

| | |
|----------------------------|--|
| DIRECTORS | T Lambeth M Hughes |
| COMPANY SECRETARY | Invensys Secretaries Limited |
| REGISTERED NUMBER | 00057410 |
| REGISTERED OFFICE | Schneider Electric Stafford Park 5 Telford England TF3 3BL |
| INDEPENDENT AUDITOR | Mazars LLP Chartered Accountants and Statutory Auditor One St Peter's Square Manchester M2 3DE |

Invensys International Holdings Limited

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Invensys International Holdings Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the 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 acts as a holding company.

The 2017 profit was exceptionally high due to a group project to simplify the legal entities in the group and the inter group loans.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £68,152,000 (2017 - £1,792,557,000).

The Directors do not recommend the payment of a dividend to the ordinary shareholder in respect of the year (2017 - £Nil).

DIRECTORS

The Directors who served during the year were:

T Lambeth
M Hughes

Invensys International Holdings Limited

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

FUTURE DEVELOPMENTS

There will be no change to the principal activity of the Company.

The Directors have considered the impact of Brexit; the specific risks for the Company would be as a result of trading impacts on its subsidiaries and therefore their carrying value. However, the Directors believe the subsidiaries have taken appropriate action to minimise these risks.

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

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


AUDITOR

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

In preparing this report, the directors have taken advantage of the small companies exemptions 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 24 May 2019 and signed on its behalf.



T. Lambeth
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVENSYS INTERNATIONAL HOLDINGS LIMITED

Independent auditor's report to the members of Invensys International Holdings Limited

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

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

The Directors' view on the impact of Brexit is disclosed on page 1.

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

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

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

Conclusions relating to going concern

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

Invensys International Holdings Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVENSYS INTERNATIONAL HOLDINGS LIMITED

- 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.

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.

Invensys International Holdings Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVENSYS INTERNATIONAL HOLDINGS LIMITED

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.

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: 3 June 2019.

Invensys International Holdings Limited

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

| | Note | 2018 £000 | 2017 £000 |
|---|------|--------------|--------------|
| Other operating charges | | 19,669 | 4,113,229 |
| Operating profit | 4 | 19,669 | 4,113,229 |
| Income from fixed assets investments | | 29,801 | 1,827,360 |
| Profit on disposal of investments | | (167) | 6,273 |
| Impairment of investments | 12 | (25,537) | (4,186,702) |
| Interest receivable and similar income | 9 | 59,532 | 44,842 |
| Interest payable and expenses | 10 | (4,789) | (6,703) |
| Profit before tax | | 78,509 | 1,798,299 |
| Tax on profit | 11 | (10,357) | (5,742) |
| Profit for the financial year | | 68,152 | 1,792,557 |
| Other comprehensive income: | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Other comprehensive income | | 173 | (3,281) |
| Total comprehensive income for the year | | 68,325 | 1,789,276 |

The notes on pages 9 to 23 form part of these financial statements.

Invensys International Holdings Limited
REGISTERED NUMBER: 00057410

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

| | Note | 2018 £000 | 2017 £000 |
|--|-------|-------------------------|-------------------------|
| Fixed assets | | | |
| Fixed asset investments | 12 | 92,408 | 98,475 |
| Taxation recoverable | 13,17 | 29,598 | 35,028 |
| | | <u>122,006</u> | <u>133,503</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 13 | 3,178,371 | 2,797,640 |
| Cash at bank and in hand | 14 | 1,249 | 280,752 |
| | | <u>3,179,620</u> | <u>3,078,392</u> |
| Creditors: amounts falling due within one year | 15 | (206,408) | (185,002) |
| Net current assets | | <u>2,973,212</u> | <u>2,893,390</u> |
| Total assets less current liabilities | | <u>3,095,218</u> | <u>3,026,893</u> |
| Net assets | | <u><u>3,095,218</u></u> | <u><u>3,026,893</u></u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 1,000 | 1,000 |
| Profit and loss account | 19 | 3,094,218 | 3,025,893 |
| | | <u><u>3,095,218</u></u> | <u><u>3,026,893</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 May 2019.


T Lambeth
 Director

The notes on pages 9 to 23 form part of these financial statements.

Invensys International Holdings Limited

**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 | 1,000 | 3,025,893 | 3,026,893 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 68,152 | 68,152 |
| Total comprehensive income for the year | - | 68,152 | 68,152 |
| Other comprehensive income | - | 173 | 173 |
| Total transactions with owners | - | 173 | 173 |
| At 31 December 2018 | 1,000 | 3,094,218 | 3,095,218 |

The notes on pages 9 to 23 form part of these financial statements.

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

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|------------------|
| | £000 | £000 | £000 |
| At 1 January 2017 | 1,000 | 1,236,617 | 1,237,617 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 1,792,557 | 1,792,557 |
| Total comprehensive income for the year | - | 1,792,557 | 1,792,557 |
| Other comprehensive income | - | (3,281) | (3,281) |
| Total transactions with owners | - | (3,281) | (3,281) |
| At 31 December 2017 | 1,000 | 3,025,893 | 3,026,893 |

The notes on pages 9 to 23 form part of these financial statements.

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

1. General information

The financial statements of Invensys International Holdings Limited (the "Company") for the year ended 31 December 2018 were authorised for issue by the board of Directors on 24 May 2019 and the statement of financial position was signed on the board's behalf by T Lambeth. Invensys International Holdings Limited is incorporated and domiciled in England and Wales.

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

The results of Schneider Electric SE are available from the Investor Relations Department, 35, Rue Joseph Monier - CS 30323, F-92500 Rueil-Malmaison, Cedex, France and at the following website address: <http://www.schneider-electric.com/en/about-us/investor-relations/>.

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 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.

The following principal accounting policies have been applied:

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

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- 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.

2.3 Impact of new international reporting standards, amendments and interpretations

IFRS 9 Financial Instruments

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

IFRS 15 Revenue from contracts with customers

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

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

2.4 Going concern

The Directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

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

2. Accounting policies (continued)

2.5 Interest income

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

2.6 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.

2.7 Borrowing costs

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

2.8 Current and deferred taxation

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

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

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

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

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

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

2. Accounting policies (continued)

2.9 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.

2.10 Debtors

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

2.11 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.

2.12 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.

2.13 Financial instruments

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

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

Financial assets

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

Fair value through profit or loss

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

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors,

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

2. Accounting policies (continued)

2.13 Financial instruments (continued)

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.

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

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 amounts owed by group undertakings

Determining whether investments and amounts owed by group undertakings are impaired requires an estimation of the value of each asset. This valuation requires an estimate of the future cash flows expected to arise and a suitable discount rate in order to calculate the present value. The discount rate used at 31 December 2018 was 7.6% which is calculated using the Schneider Electric Group WACC adjusted for UK market.

Deferred tax asset

The Company recognises a deferred tax asset as the Schneider Electric Group forecasts show a taxable profit in the future for the UK. This valuation requires an estimate of the future taxable profits expected to arise in the next 10 years and a suitable discount rate, in order to calculate the present value. The discount rate used at 31 December 2018 was 7.6% which is calculated using the Schneider Electric Group WACC adjusted for UK market.

4. Operating profit

The operating profit is stated after:

| | 2018 | 2017 |
|--|---------------|--------------------|
| | £000 | £000 |
| Release of inter-group loan provisions | 18,872 | (4,116,684) |

5. Auditor's remuneration

The cost of the audit of the accounts is borne by another group company.

6. Employees

There were no employees during the period (2017 - Nil).

7. Directors' remuneration

During the year no Director received any remuneration (2017 - £Nil).

Invensys International Holdings Limited

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

8. Income from fixed assets investments

| | 2018 £000 | 2017 £000 |
|--------------------|----------------------|----------------------|
| Dividends received | 29,801 | 1,827,360 |
| | 29,801 | 1,827,360 |

9. Interest receivable and similar income

| | 2018 £000 | 2017 £000 |
|---|----------------------|----------------------|
| Interest receivable from group undertakings | 59,532 | 44,587 |
| Other interest receivable | - | 255 |
| | 59,532 | 44,842 |

10. Interest payable and similar expenses

| | 2018 £000 | 2017 £000 |
|-------------------------------|----------------------|----------------------|
| Other interest payable | 3,168 | 2,214 |
| Loans from group undertakings | 1,621 | 4,489 |
| | 4,789 | 6,703 |

Invensys International Holdings Limited

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

11. Taxation

| | 2018 | 2017 |
|--|---------------|-------------|
| | £000 | £000 |
| Corporation tax | | |
| Current tax on profits for the year | 4,786 | 2,258 |
| Adjustments in respect of previous periods | 140 | - |
| Total current tax | 4,926 | 2,258 |
| Deferred tax | | |
| Deferred tax - current year | 5,538 | 3,484 |
| Deferred tax - prior year | (107) | - |
| Total deferred tax | 5,431 | 3,484 |
| Taxation on profit on ordinary activities | 10,357 | 5,742 |

Factors affecting tax charge for the year

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

| | 2018 | 2017 |
|--|----------------|-------------|
| | £000 | £000 |
| Profit on ordinary activities before tax | 78,509 | 1,798,299 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%) | 14,917 | 346,173 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 1,298 | 12,271 |
| Dividends from group companies | (5,662) | (351,767) |
| Current tax prior year adjustment | 140 | 120 |
| Adjustment due to change in tax rate | (229) | (530) |
| Deferred tax prior period adjustment | (107) | (525) |
| Total tax charge for the year | 10,357 | 5,742 |

Invensys International Holdings Limited

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

11. Taxation (continued)

Factors that may affect future tax charges

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

12. Fixed asset investments

| | Investments in subsidiary companies £000 | Investments in associates £000 | Total £000 |
|--------------------------|--|---|-------------------|
| Cost or valuation | | | |
| At 1 January 2018 | 12,534,171 | 439 | 12,534,610 |
| Additions | 22,851 | - | 22,851 |
| Disposals | (3,381) | - | (3,381) |
| At 31 December 2018 | <u>12,553,641</u> | <u>439</u> | <u>12,554,080</u> |
| Impairment | | | |
| At 1 January 2018 | 12,435,964 | 170 | 12,436,134 |
| Charge for the period | 27,736 | 269 | 28,005 |
| Impairment on disposals | (2,467) | - | (2,467) |
| At 31 December 2018 | <u>12,461,233</u> | <u>439</u> | <u>12,461,672</u> |
| Net book value | | | |
| At 31 December 2018 | <u>92,408</u> | <u>-</u> | <u>92,408</u> |
| At 31 December 2017 | <u>98,207</u> | <u>268</u> | <u>98,475</u> |

Invensys International Holdings Limited

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

12. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Registered office | Class of shares | Holding |
|---|---|------------------------------|----------------|
| BTR Industries Limited | Stafford Park 5, Telford England. UK. TF3 3BL | Redeemable preference shares | 53.39% |
| BTR Industries Limited | Stafford Park 5, Telford England. UK. TF3 3BL | Ordinary | 46.61% |
| BTR International Limited | Stafford Park 5, Telford England. UK. TF3 3BL | Ordinary | 100% |
| Cogsys Limited | Holywell Park Ashby Road Loughborough Leicestershire. UK LE11 3GR | Ordinary | <1% |
| Eliwell Controls Srl | Via Dell 'Industria 15 Pieve D'Alpago 32010 Belluno, Italy | Ordinary | 100% |
| Eliwell France SA | 301 Avenue du Charles de Gaulle 92390 Villeneuve la Garenne. France | Actions | 30% |
| Eliwell Iberica SA | Pol. Vara de Quart C\ Traiginers No. 5 46014 Valencia. Spain | Ordinary | 30% |
| Eurotherm AB | Mobilvagen 10 22362 Lund. Sweden | Ordinary | 100% |
| Eurotherm Korea Limited | 13F 189, Seongam-ro, Mapo-gu Kbiz DMC Tower Seoul, South Korea | Common stocks | 100% |
| Eurotherm Limited | Stafford Park 5, Telford England. UK. TF3 3BL | Ordinary | 100% |
| IMServ Europe Limited | Stafford Park 5, Telford England. UK. TF3 3BL | Ordinary | 100% |
| Invensys Automation and Controls (Shanghai) Company Limited | Room 401, 4th Floor, Block 6, 1535 Hongmei Road Xuhui District. China | Ordinary | 100% |
| Invensys Finance BV | Baarnschedijk 10 3741 LS Baarn. Netherlands | Ordinary | 100% |
| Invensys Holdings Limited | Stafford Park 5, Telford England. UK. TF3 3BL | Ordinary | 100% |
| Invensys SA (Proprietary) Limited | Block 5 Ashlea Gardens Office Park 180 Garsfontein Road, Ashlea Gardens, 81 Pretoria. South Africa. | Ordinary | 100% |
| Invensys Process Systems Mexico Holdings LLC | 38 Neponset Ave. MA 02035 Foxboro. US | Ordinary | 100% |
| Invensys Process systems New Zealand Limited | 38 Business Paradise South East Tamaki, Manukau 2013 Auckland. New Zealand | Ordinary | 100% |
| Invensys Secretaries Limited | Stafford Park 5, Telford England. UK. TF3 3BL | Ordinary | 100% |
| Invensys Systems Egypt S.A.E | 195A, Street 267, New Maadi 11742, Cairo. Egypt | Ordinary | 98% |
| Invensys Systems Kazakhstan LLP | 6 Valikhanov Street 60002, Atyrau City. Kazakhstan | Ordinary | 99% |

Invensys International Holdings Limited

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

12. Fixed asset investments (continued)

Subsidiary undertakings (continued)

| Name | Registered office | Class of shares | Holding |
|---|--|------------------------|----------------|
| Invensys Vietnam Limited | Suite 17.04, Plot C, Thuan Kieu Plaza, No. 190, Hong Bang Street, Ward 15, Ho Chi Minh City Vietnam | Ordinary | 100% |
| PT Schneider Electric Systems Indonesia | Geoung Ventura Annex Suite 101 JL.R.A. Kartini N 26, Jakarta Selatan. Indonesia | Preferred B | 31.48% |
| PT Schneider Electric Systems Indonesia | Geoung Ventura Annex Suite 101 JL.R.A. Kartini N 26, Jakarta Selatan. Indonesia | Series A stocks | 13.23% |
| PT Schneider Electric Systems Indonesia | Geoung Ventura Annex Suite 101 JL.R.A. Kartini N 26, Jakarta Selatan. Indonesia | Series C | 50.87% |
| Ranco Japan Limited | 8F, Suzuebaydium, 1-15-1 kaign, Minato-ku, 105-0022 Tokyo. Japan | Common stocks | 100% |
| Schneider Electric Brasil Automação de Processos Ltda | Avenida das Nacoes Unidas, 23.223, Part A, Vila Almeida, CEP 04795-100, Sao Paulo. Brasil | Ordinary | <1% |
| Schneider Electric System Arabia Co. Limited | P.O. Box 31943 31952 Al Khobar Saudi Arabia | Ordinary | 95% |
| Schneider Electric Systems Argentina SA | Belisario Hueyo, 165- AvellanedaCP B 1870BNA, Buenos Aires Argentina | Ordinary | 3.63% |
| Schneider Electric Systems (Australia) Pty Limited | 1, Acacia Place3168 Notting Hill, Victoria Australia | Shares | 100% |
| Schneider Electric Systems Austria GmbH | Lederergasse 29A-4020, LinzAustria | Ordinary | 100% |
| Schneider Electric Systems Belgium NV/SA | Kontichsesteenweg 542630 Aartselaar. Belgium | Ordinary | 99.90% |
| Schneider Electric Systems Chile Limitada | 222 Ricardo Lyon Av, Office 501, Providencia Santiago. Chile | Ordinary | 1.91% |
| Schneider Electric Systems Canada Inc. | 1 Place Ville Marie, Suite 1300 Quebec H3B 0E6 Montreal. Canada | Common shares | 100% |
| Schneider Electric Systems Czech Republic sro | Zirovnicka 3124, 10600, Praha 10 Czech Republic | Ordinary | 90% |
| Schneider Electric Systems India Private Company | Tamarai Tech Park, SP Plot 16-19 and 20A, Thiru Vi Ka, Industrial Estate, Inner Ring Road, Guindy Chennai - 600032 Tamil Nadu. India | Equity shares | <1% |
| Schneider Electric Systems (Japan) Inc. | Oase Shibaura MJ Bldg., 15-6, Shibaura 2-chome, Minato-ku Tokyo. Japan | Ordinary | 100% |
| Schneider Electric Systems Korea Limited | 13F 189, Seongam-ro, Mapo-gu Kbiz DMC Tower Seoul, South Korea | Common stocks | 100% |
| Schneider Electric Systems Limited | 70-72, Ordinance Road Trans Amadi Gas Turbine Port Hardcourt. Nigeria | Ordinary | 100% |
| Schneider Electric Systems LLC | Building 1 Dvintsev street 12 127018 Moscow. Russia | Ordinary | 99.99% |

Invensys International Holdings Limited

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

12. Fixed asset investments (continued)

Subsidiary undertakings (continued)

| Name | Registered office | Class of shares | Holding |
|---|---|------------------------|----------------|
| Schneider Electric Systems (Malaysia) Sdn Bhd | 802, 8th Floor, Block C Kelana Square 47301 Petaling Jaya Selangor Darul Ehsan. Malaysia | Ordinary | 100% |
| Schneider Electric Systems Middle East FZE | South Zone, PLOT NS10809 PO BOX 61495 Jebel Ali. Dubai. UAE. | Ordinary | 100% |
| Schneider Electric Systems del Peru SA | Calle Miguel Aljovin 180 Urbanizacion El Rosedal, Miraflores Lima. Peru | Ordinary | <1% |
| Schneider Electric Systems Singapore Pte Limited | 50 Kallang Avenue 339505. Singapore | Ordinary | 100% |
| Schneider Electric Systems Slovakia sro | Roznavska 24 821 04, Bratislava Slovakia | Ordinary | 85% |
| Schneider Electric Systems Taiwan Corp | 2F., N39, Jihu Rd., Neihu Dist. 11492 Taipei. Taiwan | Ordinary | 100% |
| Schneider Electric Systems (Thailand) Company Limited | No. 46 Rungrojthanakul Building 1st Floor, Ratchadapisek Road Huaykwang Subdistrict, Huayakwang District, Bangkok Metropolis, Thailand | Ordinary | 100% |
| Schneider Electric Systems De Venezuela CA | Av. Francisco de Miranda Edificio Torre Delta, Piso 14, Oficina 14-A, 1060 Altimira Caracas (Chacao). Venezuela | Ordinary | 100% |
| Siebe Protec Limited | Stafford Park 5, Telford England . UK. TF3 3BL | A voting share | 100% |

13. Debtors

| | 2018 £000 | 2017 £000 |
|-------------------------------------|----------------------|----------------------|
| Due after more than one year | | |
| Deferred tax asset | 29,598 | 35,028 |
| | 2018 £000 | 2017 £000 |
| Due within one year | | |
| Amounts owed by group undertakings | 3,165,640 | 2,795,143 |
| Prepayments and accrued income | 12,731 | 2,497 |
| | 3,178,371 | 2,797,640 |

Amounts owed by group undertakings bear interest at LIBOR + 0.75% (2017: LIBOR + 0.75%).

Invensys International Holdings Limited

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

14. Cash and cash equivalents

| | 2018 | 2017 |
|--------------------------|-----------------|----------------|
| | £000 | £000 |
| Cash at bank and in hand | 1,249 | 280,752 |
| Less: bank overdrafts | (33,169) | - |
| | <u>(31,920)</u> | <u>280,752</u> |

15. Creditors: Amounts falling due within one year

| | 2018 | 2017 |
|------------------------------------|----------------|----------------|
| | £000 | £000 |
| Bank overdrafts | 33,169 | - |
| Amounts owed to group undertakings | 168,165 | 183,095 |
| Corporation tax | 4,380 | 1,907 |
| Accruals and deferred income | 694 | - |
| | <u>206,408</u> | <u>185,002</u> |

Amounts owed to group undertakings bear interest at LIBOR (2017 - LIBOR).

16. Financial instruments

| | 2018 | 2017 |
|---|------------------|------------------|
| | £000 | £000 |
| Financial assets | | |
| Financial assets measured at fair value through profit or loss | 1,249 | 280,752 |
| Financial assets that are debt instruments measured at amortised cost | 3,165,640 | 2,795,143 |
| | <u>3,166,889</u> | <u>3,075,895</u> |
| Financial liabilities | | |
| Amounts owed to group companies | <u>(38,802)</u> | <u>(185,002)</u> |

Invensys International Holdings Limited

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

17. Deferred taxation

| | 2018 £000 |
|-----------------------|----------------------|
| At beginning of year | 35,830 |
| Utilised in year | (6,232) |
| At end of year | 29,598 |

The deferred tax asset is made up as follows:

| | 2018 £000 | 2017 £000 |
|----------------------|----------------------|----------------------|
| Taxation recoverable | 29,598 | 35,028 |
| | 29,598 | 35,028 |

Deferred tax assets not recognised in the balance sheet are as follows:

| | 2018 £000 | 2017 £000 |
|----------------|----------------------|----------------------|
| Capital losses | - | 3,123 |
| | - | 3,123 |

18. Share capital

| | 2018 £000 | 2017 £000 |
|--|----------------------|----------------------|
| Allotted, called up and fully paid | | |
| 1,000,000 (2017 - 1,000,000) Ordinary shares of £1.000000 each | 1,000.00 | 1,000.00 |

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.

19. Reserves

Profit & loss account

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

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

20. 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.

21. Controlling party

The immediate parent undertaking of Invensys International Holdings Limited is Invensys Group 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 and at the following website address: <http://www.schneider-electric.com/en/about-us/investor-relations/>.