

Registered number: 00115834

Legrand Electric Limited

Annual report and financial statements

For the Year Ended 31 December 2021

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Legrand Electric Limited

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Legrand Electric Limited

Strategic report For the Year Ended 31 December 2021

The directors present their strategic report on the company for the year ended 31 December 2021.

Business review

The company manufactures and sells cable management systems, electrical work station solutions, energy saving lighting controls, electrical user interface products and monitoring systems for the assisted living market.

Turnover increased by 10.5% from £94,711,000 (restated) to £104,663,000 as business returned to more normal levels after the severe impact of the COVID19 pandemic on the construction industry in 2020. The company held its market share in most of the segments it sells into, with no significant decline.

Gross margin performance has increased by 1.3%, from 42.7% to 44.0%, reflecting the impact of higher overhead recovery in the company's factories linked to the higher product volumes. Raw material price increases and component availability caused problems in the company's ability to service its customers. The directors have maintained their vigilance in containing expenditures wherever possible.

The working capital position of the company has increased from £68,822,000 (restated) to £81,400,000. This is constantly monitored to ensure funds are available to meet liabilities.

An error relating to revenue and cost recognition on project and service business in the Legrand Care business unit was identified in relation to 2019 and 2020. Further details are provided in note 29.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval.

The principal risks and uncertainties facing the company are:

Financial risk

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company invests in new technology to ensure both its' products and operations remain as climate friendly as possible.

Price risk

The company is exposed to commodity price risk as a result of its operations. Of particular note would be the steel price and energy costs. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Credit risk

The principal financial assets of the business are trade debtors and loans to group undertakings.

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The company has a diverse range of customers with no great dependency on any one individual customer. A credit insurance policy is in place on the customer base. Loans from group companies are monitored and verified on a monthly basis.

Liquidity risk

The company actively maintains an appropriate level of liquidity. Borrowing facilities are available from group companies in the event of the company being in a negative liquid position.

Legrand Electric Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Non-financial risks

On 11 March 2020, the World Health Organisation declared COVID-19 a global pandemic. This led to significant challenges for the company.

The company fully adapted to address the deteriorating health and economic situation caused by the rapid spread of COVID-19 in the country:

- the company's priority is the protection and health and safety of its employees, in particular by rigorously applying the recommendations of the UK Government and the World Health Organisation;
- all of the company's sites have adopted social distancing measures as well as maintaining 'one-way' systems, compulsory use of face coverings, hand sanitisers, temperature checking and lateral flow testing;
- the company is focused on providing the best possible service to customers, whose business is essential to the functioning of the economy;
- the company is working very actively to protect its profitability and free cash flow. The company has taken advantage of UK Government initiatives by using the furlough scheme, with up to 17 (2020 - 235) of its staff being furloughed at any one time.

This backdrop initially had an adverse impact on the supply chain, however demand for products has been strong. At the date of signing the financial report, it is not expected that covid will have any significant future impact.

Financial key performance indicators

The company uses the following key performance indicators to monitor and assess performance:

Gross profit as a percentage of sales: 44.0% in the year ended December 31, 2021 and 42.7% (restated) in the year ended December 31, 2020 – the increase has been caused by the higher production volumes enabling better overhead recovery of fixed costs at the company's manufacturing sites.

Operating profit as a percentage of sales: 8.1% in the year ended December 31, 2021 and 6.6% (restated) in the year ended December 31, 2020. The main cause of this increase is the improvement in gross profit caused by the increase in sales. Distribution and Administration costs were maintained at 2020 levels.

Net assets: Increased from £139,963,000 (restated) at December 31, 2020 to £161,967,000 at December 31, 2021 - caused by the net profit and actuarial gain on pension schemes.

Staff turnover: 20.7% for 2021, a decrease from 25.4% for 2020 – which reflects the relative stability of the employment market following the disruptions in 2020.

Future developments

The company intends to pursue its current policies of pursuing sustainable growth across the various customer verticals, and with vigilance on gross margin levels and tight control of overhead expenditure, expects to be profitable in the forthcoming year.

There has been no significant impact on the business caused by the Russia/Ukraine war other than an increase in energy prices. New contracts have been negotiated to mitigate this as much as possible.

Legrand Electric Limited

Strategic report (continued)

Streamlined energy and carbon report

Quantification and reporting methodology

The company has followed the 2019 HM Government Environmental Reporting Guidelines and Greenhouse Gas (GHG) Reporting Protocol - Corporate Standard. The 2021 UK Government's Conversion Factors for Company Reporting have been used. An operational approach to define boundary and scopes has been adopted.

The primary source for energy consumption is supplier or landlord billed consumption. Where invoices are not in line with the financial year a pro rata calculation has been used to estimate the usage which falls within the reporting period. Where no data was available the consumption was estimated using the kWh's consumption per m² of floor area at a comparative site.

LPG usage and associated CO₂ emissions were calculated from delivered consumption.

Mileage or litres used were used as the preferred data to calculate transport usage. This was converted into consumption and associated CO₂ emissions using the conversion factors for an average vehicle of that fuel type. Where the mileage was not available the cost of purchasing the fuel was used to estimate the consumption. Where hybrid vehicle type was unavailable it was assumed that this was a petrol hybrid.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per £m of turnover.

Measures taken to improve energy efficiency

Solar Energy

An energy power management update to the Solar PV system installation at the Consett Production site, was completed in late 2021. This update is estimated to increase the PV generation by 30-40%. This reduced CO₂ emissions by 17.3 tonnes in 2021 to continue the success of the Consett site installation. Plans are in place to install new solar PV systems at other sites in the UK (Blyth and West Bromwich) in 2022.

LED lighting

Legrand Wembley will be investing in a full conversion to LED lighting and lighting controls, across the site starting in 2022.

The logistics site at West Bromwich continues with its progressive installation of LED lights and controls. UK Total impact due to LED lighting and controls was a saving of 28 mw of electricity in 2021. (Part of these annual savings will carry over to 2022). This reduced CO₂ emissions by 8 tonnes in 2021/2022.

Heating Improvements

The company invested in new ways to help reduce heating loss in its buildings during 2021.

At Consett, in January 2021 an automatic roll over door between the warehouse and the production area was installed to reduce heat lost from the factory. This reduced the heating demand by 45mw or 12.8 tonnes CO₂ emissions per annum.

Also at Consett, a new efficient gas boiler was installed, replacing an antiquated 20 year old boiler. All the radiators in the offices were also fitted with thermostatic valves at the same time.

The 1st floor office windows were also removed and replaced with double glazed UPVC windows. This is estimated to reduce the heating demand by 44mw or 12.7 tonnes CO₂ emissions pa.

At Scarborough, destratification fans were installed in a partial zone of the factory to help reduce the heating demand by circulating warm air from the roof apex, back down to the floor area. This is estimated to reduce the heating demand by 37 mw or 10 tonnes CO₂ emissions pa.

More destratification fans, to cover the other zones, will be installed at Scarborough in 2022. UK Total estimated impact due to heating improvements will be a saving of 126 mw of gas (part of these annual savings will carry over to 2022). This reduced CO₂ emissions by 35.5 tonnes in 2021/2022.

Legrand Electric Limited

Strategic report (continued)

Site Closure

Consett unit 10 was vacated in July 2021 and the processes from there were consolidated and redistributed across other sites, saving on the energy required to run that unit every year. This reduced the energy demand by 218 mw or 62 tonnes CO2 emissions pa.

Process Improvements

At Scarborough, a trial was conducted in the galvanising plant, where gas consumption is high due to process heating demand. The degreasing tanks, which are normally heated to 50c, were all turned off in August 2021 and run at ambient temperature as a trial to see if this could be done without any impact on the cleaning capability of the chemical solution. Up until December 2021, this proved to be a success and will continue to be monitored in 2022. This is estimated to reduce the gas demand by 300 mw or 86 tonnes CO2 emissions pa.

Also, at Scarborough, a new clinching technique was introduced to replace the spot welding machine which is a high energy consumer. Initial trials and tests proved this to be successful and so other welding machines will be replaced going forward. This reduced the energy demand by 29 mw or 8 gtonnes CO2 emissions pa.

Greenhouse gas emissions and energy use data:

	Units	1 Jan – 31 Dec 2021 Location based	1 Jan – 31 Dec 2020 Location based
Emissions from combustion of gas (Scope 1)	tCO2e	1,034	1,148
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO2e	537	621
Emissions from purchased electricity (Scope 2)	tCO2e	571	820
Emissions from generation of electricity that is consumed in a transmission and distribution system for which the company does not own or control (Scope 3)	tCO2e	51	71
Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel (Scope 3)	tCO2e	7	2
Total gross emissions	tCO2e	2,200	2,663
Energy consumption used to calculate above emissions	kWh	10,577,317	12,321,646
Intensity measurement	£m revenue	105.279	95.327
Intensity ratio	tCO2e / £m	21	28

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Strategic report (continued)

Section 172(1) statement

The Companies (Miscellaneous Reporting) Regulations 2018 require directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company.

The directors recognise that they have an important role in assessing and monitoring that the desired culture is embedded in the values, attitudes and behaviours the company demonstrates in its activities and stakeholder relationships. The Legrand Group has established honesty, integrity and respect for people as core values. The Group's Corporate and Social Responsibility ("CSR") programme helps everyone act in line with these values and comply with relevant laws and regulations. The directors also strive to maintain a diverse and inclusive culture.

Section 172(1) (A) - The likely consequences of any decision in the long term

The company is a member of the Legrand Group CSR programme. The overall sustainability and growth objective of the Group programme to which the company subscribes takes account of megatrends in society – technology and user habits, ageing populations, environmental protection, urbanisation, increasing mobility, the Internet of Things, the digital revolution and more, offer important development opportunities, especially in energy efficiency, assisted living, datacentres and connected products. This is why the Group launched its 'Eliot' programme in 2015 with the aim of accelerating the rollout of the Group's Internet of Things offer, and position it at the heart of the connected building ecosystem. The impact of the 'Eliot' programme has meant that existing products have been enhanced to meet, or surpass, current market expectations.

The company operates a research and development programme in order to develop innovative products to introduce to the market to safeguard the company's long term future.

The directors understand the business and the evolving environment in which the company operates. The company's trade has 5 divisions – Cable Management Systems, Power Supply, Energy Controls, User Interface and Assisted Living and Healthcare. While all divisions of the trade are allied to the overall general construction market, the nature of each division's products and customers means that the business cycles vary for each division which results in a more sustainable business environment for the company to operate in and which benefits the overall trade of the company.

Legrand Electric Limited

Strategic report (continued)

Section 172(1) (B) - The interests of the company's employees

The directors recognise that its employees are fundamental and core to the business and the delivery of its strategic ambitions. The success of the business depends on attracting, retaining and motivating employees. By ensuring that we remain a responsible employer, from pay and benefits to the health, safety and workplace environment, the directors take into consideration the implications of decisions on employees, where relevant and feasible.

The company recognises the importance of engaging with its workforce. Engagement is especially important in maintaining strong business delivery in volatile times. The company therefore strives to maintain a dialogue between management and the workforce – both directly and where appropriate, through representative bodies. Management regularly engages with the workforce through a range of formal and informal channels, including via e-mails, team meetings and the quarterly in-house magazine.

Section 172(1) (C) - The need to foster the company's business relationships with suppliers, customers and others

Delivering the company's strategy requires strong mutually beneficial relationships with suppliers and customers, most commonly by meetings held with the various parties. The company seeks the promotion and application of certain general principles in such relationships, in particular with reference to anti-corruption, anti-fraud, and compliance with sanctions and embargoes. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships. In particular, the company requires its business partners to abide by the principles set out in the Legrand Compliance programme, especially with reference to the Legrand Guide to Good Business Practices.

The directors recognise the role the company plays in society and is deeply committed to collaboration and stakeholder engagement. This commitment is at the heart of the company's strategic ambitions. The directors strongly believe that the company will only succeed by working with customers, business partners and other stakeholders. Working together is critical, particularly at a time when society, including businesses, governments and consumers, face issues as complex and challenging as climate change.

The company aims to build on its record of working with others, such as industry and trade groups, universities, and in some instances our competitors through industry bodies. We believe that working together and sharing knowledge and experience with others offers greater insight into our business.

We engage with our customers and suppliers regularly and request formal feedback through our annual customer satisfaction survey.

Section 172(1) (D) - The impact of the company's operations on the community and the environment

The company respects all rules and regulations in the communities where it operates.

As a global specialist in electrical and digital building infrastructures, the company capitalises on its privileged position as a supplier of energy efficiency solutions that can be applied at its own sites. Legrand is committed to a policy of continuous improvement of its energy efficiency.

All of the company's production sites are certified to the Environmental Management Standard ISO 14001 : 2015.

The company has four production sites in the UK. Approximately 80% of the company's sales are of products manufactured at these sites. The company is proud of maintaining a manufacturing base in the UK and providing jobs and opportunities in the areas where it operates.

Legrand Electric Limited

Strategic report (continued)

Section 172(1) (E) - The desirability of the company maintaining a reputation for high standards of business conduct

The company is a member of the Legrand Group Compliance Programme that aims to promote and ensure high standards of business conduct.

The four elements of the programme are –

- Anti-Corruption
- Promotion of Fair Competition
- Adherence to Trade Embargoes and Anti-Money Laundering
- Prevention of Fraud

Part of the company's customer base is Local and National Government accounts. The company is aware of the strict requirements required when dealing with these customers.

The directors periodically review and approve clear frameworks, including Ethics & Compliance guides, and its Modern Slavery Statements, to ensure that its high standards are maintained both within the business as well as with business partners.

This, complemented by the ways the directors are informed and monitor compliance with relevant governance standards help assure its decisions are taken in ways that promote high standards of business conduct.

Section 172(1) (F) - The need to act fairly as between members of the company

The company is a wholly-owned subsidiary of Legrand UK Limited. Consequently, conflicts of interest between different members is not applicable.

Principal Decisions

Company acquisitions

The company made no acquisitions during the year.

Approval of the annual budget

The annual budget approval process is an integral part of the structure of the Legrand Group. The assumptions, calculations and capital spending plans made by the board are questioned and tested by the French parent company before a final budget is approved.

Légrand Electric Limited

Strategic report (continued)

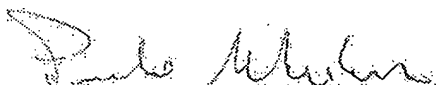
Capital allocation and dividend policy

Details of capital expenditure can be found in notes 11 and 12.

The company's balance sheet shows that the company now has positive reserves. Consideration will be given by the directors as to the appropriateness of paying a dividend to its parent company.

This report was approved by the board on 19 April 2023
its behalf.

and signed on



Paolo Murdocca
Company Secretary

Registered office:
Great King Street North
Birmingham
B19 2LF

Legrand Electric Limited

Directors' report For the Year Ended 31 December 2021

The directors present their annual report on the affairs of Legrand Electric Limited ('the Company'), together with the financial statements and auditor's report, for the year ended 31 December 2021.

Comments on future developments, Financial Risk Management Objectives and the Streamlined Energy and Carbon Report can be found in the Strategic report on pages 1 to 8.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Results and dividends

The profit for the year, after taxation, amounted to £5,918,000 (2020 restated - £3,635,000).

The directors do not recommend the payment of a dividend (2020 - £ Nil).

Directors

The directors who served throughout the year and to the date of this report were as follows:

Legrand France SA
A E Chessy Appareillage Electrique de Chessy SAS
F Leméry



Legrand Electric Limited

Directors' report (continued) For the Year Ended 31 December 2021

Going concern

The company has no external borrowings or covenanted payments to make. The net funding position of loans payable to the company by other Legrand Group companies is £57,292,000 (2020: £49,203,000).

The net current asset position of the company has risen from £68,822,000 (restated) at 31 December 2020 to £81,400,000 at 31 December 2021.

The company is a member of the Legrand Group cash pooling facility that provides immediate access to funding in the event of the company requiring any short term funding.

After making enquiries and considering forecasts and projections, taking into account reasonably possible changes in trading performance such as supply chain issues and increases in costs, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future having a detailed cashflow analysis out to the end of 2024.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. The principal risks and uncertainties are discussed in the strategic report.

Research and development activities

Research and development work is performed by the company into product improvement and development. Details of expenditure on research and development incurred in the year are given in notes 4 and 11 of the financial statements.

Engagement with employees

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Employees are encouraged to become involved in the company's performance.

Further details are given in the S172 statement in the Strategic report on pages 1 to 8.

Disabled employees

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, where possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Director's indemnities

No qualifying third-party indemnity provisions have been put in place for the benefit of any directors.

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Directors' report (continued) For the Year Ended 31 December 2021

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that 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 auditors are aware of that information.

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

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

Political contributions

The Company made no political contributions during the year (2020 - £ Nil).

Differences between market and balance sheet value of land and buildings

The directors are of the opinion that the market value of land and buildings at 31 December 2021 exceeded its net book value by approximately £965,000 (2020 – £965,000). No provision for has been made in the financial statements in respect of this surplus.

Engagement with suppliers, customers and others

The Company has an active policy of engaging with suppliers, customers and other interested parties in order to foster good working relationships. Regular exchanges are made on topical issues, such as General Data Protection Regulation, Brexit and COVID19.

In such exchanges the Company raises awareness of the Legrand Group Corporate and Social Responsibility programme and Compliance programme.

Events after the balance sheet date

No significant events that would have had an impact on the company, have occurred since the balance sheet date and the signing of these financial statements. This includes the Russia/Ukraine war and the economic climate of late 2022/2023.

This report was approved by the board on
behalf,

19 April 2023

and signed on its



Paolo Murdocca
Company Secretary

Legrand Electric Limited

Independent auditor's report to the members of Legrand Electric Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Legrand Electric Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

Legrand Electric Limited

Independent auditor's report to the members of Legrand Electric Limited

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. This included the UK General Data Protection and Streamlined Energy and Carbon Reporting Regulations.

We discussed among the audit engagement team including relevant internal specialists such as pensions regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Legrand Electric Limited

Independent auditor's report to the members of Legrand Electric Limited

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- *Accounting and Recognition of sales rebates*
The valuation of accrued sales rebates is an area containing elements of estimation and requires management to exercise judgements in this regard. The valuation is primarily impacted by the level of sales and percentage of rebate agreed per the contract. Whilst the calculation of sales rebates before payment to a customer is mechanical, management must apply judgement to estimate the accrued rebate balance for year-end reporting based on historical trading patterns.

To address the risk of fraud in the accounting and recognition of sales rebates, we have performed the following:

- Tested the design and implementation of management's quarterly review of accrued sales rebates;
- Performed an independent recalculation of the charge based on rebate agreements and compared with the charge per management;
- Compared the amount accrued for specific large customer contracts as of 31 December 2020 with the subsequent settlements made in 2021 to verify the accuracy of the amount accrued in prior year; and
- Reviewed post year end rebate settlements in 2022 and compared against the level accrual as of 31 December 2021 to note any material differences.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following :

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

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.

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

Legrand Electric Limited

Independent auditor's report to the members of Legrand Electric Limited

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters

Use of our 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.



Louise Clamp FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, UK
Date: 19 April 2023

Legrand Electric Limited

**Profit and loss account
For the Year Ended 31 December 2021**

	Note	2021 £000	2020 (restated) £000
Turnover	3	104,663	94,711
Cost of sales		(58,629)	(54,232)
Gross profit		46,034	40,479
Distribution costs		(15,062)	(14,705)
Administrative expenses		(22,535)	(19,520)
Operating profit	4	8,437	6,254
Other income	8	-	1,020
Exceptional items	28	-	(1,831)
Finance costs (net)	9	(199)	(216)
Profit before taxation		8,238	5,227
Tax on profit	10	(2,320)	(1,592)
Profit for the year attributable to the equity shareholders of the Company		<u>5,918</u>	<u>3,635</u>

All amounts relate to continuing operations.

The notes on pages 21 to 49 form part of these financial statements.

Information relating to the restatement can be found in note 29.

Legrand Electric Limited

**Statement of comprehensive income
For the Year Ended 31 December 2021**

	Note	2021 £000	2020 (restated) £000
Profit for the financial year		<u>5,918</u>	<u>3,635</u>
Other comprehensive income/(expense)			
Actuarial gain/(loss) on defined benefit schemes	19	13,164	(4,953)
Recognition of deferred tax on defined benefit scheme	22	2,922	-
Capital charge in respect of share options	25	-	(10)
Total comprehensive income/(expense) for the year		<u><u>22,004</u></u>	<u><u>(1,328)</u></u>

Information relating to the restatement can be found in note 29.

Balance sheet
As at 31 December 2021

	Note	2021 £000	2020 (restated) £000
Fixed assets			
Intangible assets	11	70,035	75,884
Tangible assets	12	15,460	15,295
Investments	13	5,589	5,589
		<u>91,084</u>	<u>96,768</u>
Current assets			
Stocks	14	18,230	14,369
Debtors: Amounts falling due after more than one year	15	39,358	39,257
Debtors: Amounts falling due within one year	15	51,942	38,525
Cash at bank and in hand		2,072	1,801
		<u>111,602</u>	<u>93,952</u>
Creditors: Amounts falling due within one year	16	(30,202)	(25,130)
		<u>81,400</u>	<u>68,822</u>
Net current assets			
Total assets less current liabilities		<u>172,484</u>	<u>165,590</u>
Creditors: Amounts falling due after more than one year	17	-	(205)
Provision for pension liabilities	19	(10,517)	(25,422)
		<u>161,967</u>	<u>139,963</u>
Net assets			
Capital and reserves			
Called up share capital	24	145,110	145,110
Profit and loss account	23	16,857	(5,147)
		<u>161,967</u>	<u>139,963</u>
Shareholders' funds			

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

F Lemery
Director



The notes on pages 21 to 49 form part of these financial statements.
Information relating to the restatement can be found in note 29.

Legrand Electric Limited

**Statement of changes in equity
As at 31 December 2021**

	Note	Share capital £000	Other reserves £000	Profit and loss account £000	Total share holders' funds £000
At 1 January 2021 restated	29	145,110	-	(5,147)	139,963
Profit for the year		-	-	5,918	5,918
Actuarial gain on pension scheme	19	-	-	13,164	13,164
Recognition of deferred tax asset		-	-	2,922	2,922
Other comprehensive income for the year		-	-	16,086	16,086
Total comprehensive income for the year		-	-	22,004	22,004
At 31 December 2021		145,110	-	16,857	161,967

Legrand Electric Limited

**Statement of changes in equity
As at 31 December 2020**

	Note	Share capital £000	Other reserves £000	Profit and loss account £000	Total share- holders' funds £000
At 1 January 2020 as previously stated		145,110	10	(2,601)	142,519
Changes due to prior period error	29	-	-	(1,228)	(1,228)
At 1 January 2020 restated		145,110	10	(3,829)	141,291
Profit for the year		-	-	3,635	3,635
Actuarial loss on pension scheme	19	-	-	(4,953)	(4,953)
Capital charge in respect of share options		-	(10)	-	(10)
Other comprehensive expense for the year		-	(10)	(4,953)	(4,963)
Total comprehensive expense for the year restated		-	(10)	(1,318)	(1,328)
At 31 December 2020 restated		145,110	-	(5,147)	139,963

The notes on pages 21 to 49 form part of these financial statements.

Information relating to the restatement can be found in note 29.

Legrand Electric Limited

Notes to the financial statements For the Year Ended 31 December 2021

1. Accounting policies

General information and basis of accounting

Legrand Electric Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 8. The nature of the company's operations and its principal activities are set out in the strategic report on pages 1 to 8. The financial statements have been prepared under the historical cost convention modified to include pension assets at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. During 2021, the company applied an amendment to reflect the effects of transitioning from LIBOR to SONIA without giving rise to accounting impacts that would not provide useful information to users of financial statements. The company is exposed to LIBOR in its loans to group companies.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following disclosure exemptions in preparing its financial statements, as permitted by FRS 102:

- The requirements of Section 33 Related Party Disclosures, paragraph 33.7;
- The requirements of section 11 Basic Financial Instruments; and
- The requirement to prepare a company only cash flow statement.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates.

The following principal accounting policies have been applied:

1.1 Going concern

The company has no external borrowings or covenanted payments to make. The net funding position of loans payable to the company by other Legrand Group companies is £57,292,000 (2020: £49,203,000).

The net current asset position of the company has risen from £68,822,000 (restated) at 31 December 2020 to £81,400,000 at 31 December 2021.

The company is a member of the Legrand Group cash pooling facility that provides immediate access to funding in the event of the company requiring any short term funding.

After making enquiries and considering forecasts and projections, taking into account reasonably possible changes in trading performance such as supply chain issues and increases in costs, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future having a detailed cashflow analysis out to the end of 2024.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. The principal risks and uncertainties are discussed in the strategic report.

1.2 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

1. Accounting policies (continued)

1.2 Financial Instruments (continued)

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that comply with all of the condition of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, the company considers whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments are measured subsequently at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year and are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in non-derivative instruments that are equity of the issuer (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of transaction costs.

(iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique. Certain exemptions from paragraphs 11 and 12 of FRS 102 have been taken.

1. Accounting policies (continued)

The company assesses at each reporting date whether an asset may be impaired. If any such indication exists the company estimates recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

1.3 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 profit or loss 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.

The estimated useful lives range as follows:

Freehold buildings	-	40 years
Freehold land	-	Not depreciated
Plant & machinery	-	8 to 10 years
Motor vehicles	-	5 years
Fixtures & fittings	-	5 to 10 years
Computer hardware	-	3 to 5 years
Other assets	-	8 to 15 years

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.

Assets under construction represents ongoing construction costs of fixed assets not yet completed. Assets under construction are not depreciated until they are completed and available for use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the profit and loss account.

1.4 Impairment of assets

Fixed assets and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cashflows.

The impairment loss is charged to the profit and loss account and is included in Cost of sales. Any subsequent increase in recoverable amount is recognised in the profit and loss account as a reversal to the impairment loss. Impairment losses are disclosed in note 4.

1. Accounting policies (continued)

1.5 Share options

From 2007 to 2012 the ultimate parent entity Legrand SA granted rights over its equity instruments to the company's employees. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. This share-based payment arrangement is accounted for as equity-settled and therefore is measured at fair value at the date of grant as increases in equity over the vesting period of the award, with a corresponding charge to the profit and loss based on an estimate of the number of shares that will eventually vest. The increase in the equity is considered as a capital contribution received from the parent company.

Share options granted subsequent to April 5, 1999 under unapproved schemes are subject to employers' and employees' national insurance on the gain made on exercise of such options. Accordingly to UITF a provision is made at year end on outstanding share options that are expected to be exercised.

Exemptions under FRS 102 Section 26 have been taken in relation to share based payments.

1.6 Consolidation

The company is a wholly owned subsidiary of Legrand UK Limited, a company incorporated in the United Kingdom, which in turn is owned by Legrand France SA which is wholly owned by Legrand SA, a company incorporated in France. As permitted by section 400 of the Companies Act 2006, the company is exempt from the requirement to prepare consolidated financial statements. These financial statements are separate financial statements.

Legrand SA's consolidated financial statements are publicly available. See note 26.

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.8 Stocks

Stocks and work in progress are stated at the lower of cost and net realisable amount. In general, cost is determined on a first in first out basis and includes all direct expenditure and production overheads based on the normal level of activity. Net realisable amount is the price at which the stock can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from its existing state to a finished condition.

Provision is made for obsolete, slow moving and defective stock.

1.9 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.

1.10 Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Other income includes claims through the HMRC Coronavirus Job Retention Scheme. These have been accounted for under the accruals model permitted by FRS 102.

Legrand Electric Limited

Notes to the financial statements For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.11 Taxation

The charge or credit for taxation is based on the result for the period as adjusted for disallowable and non taxable items.

Consideration receivable or payable in respect of losses surrendered or claimed by way of group relief is dealt with in the profit and loss account.

1.12 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

1.13 Pensions

The company operates four defined contribution plans for its employees. A defined contribution plan is a pension plan 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 profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

The company also operates three defined benefit pension schemes, the assets of which are held separately from those of the company in independently administered funds.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the company's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected returns on the schemes' assets and the increase during the year in the present values of the schemes' liabilities arising from the passage of time are included in other finance income/charges. Actuarial gains and losses are recognised in the statement of other comprehensive income.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

1.14 Research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such

cases, the identifiable expenditure is capitalised as an intangible asset and amortised on a straight line basis

over the period during which the Group is expected to benefit. This period is expected to be between five and six years. Provision is made for any impairment.

Development costs are capitalised in accordance with FRS 102 section 18 Intangible Assets other than goodwill and are therefore not treated, for dividend purposes, as a realised loss.

Legrand Electric Limited

Notes to the financial statements For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.15 Cash flow statement

The ultimate parent company is Legrand SA, a company incorporated in France whose accounts are publicly available. Consequently, the company has taken advantage of the exemption given in FRS 102 section 7 and accordingly, a separate cash flow statement is not presented for the company.

1.16 Related party disclosure

The company is exempt under the terms of FRS 102 section 33 from disclosing related party transactions with entities that are part of the Legrand SA group or investees of the Legrand SA group.

1.17 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised over its estimated useful economic life of 20 years using the straight line method.

Other intangible assets

Intangible assets consist of intellectual property and capitalised development expenditure and 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.

All intangible assets are considered to have a finite useful life of between 6 and 10 years. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed 5 years. Amortisation is made on a straight line basis and is charged as an Administrative expense.

1.18 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

2. Critical judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the financial statements
For the Year Ended 31 December 2021

2. Critical judgements in applying accounting policies and key sources of estimation uncertainty
(continued)

Judgements

No key judgements were made during the year.

Estimates

2.1 Pension assumptions

The company operates 3 defined benefit pension schemes and the directors are required to set a number of actuarial assumptions in order to perform the valuation of the schemes' liabilities as at year end. The directors are required to estimate a number of assumptions including discount rate and inflation. Due to the nature of such assumptions and the significant level of sensitivity of the schemes' liabilities to them, the directors engage qualified actuaries to assist with determining these and performing valuation in accordance with FRS 102. A 0.5% increase in discount rate decreases liabilities by £8,819k; a 0.25% increase in inflation increases liabilities by £1,708k. Pension assumptions and year end values can be found in note 20.

2.2 Rebate provision

The company carries a provision for rebates based on forecasted annual sales revenue and agreed rebate rates for each customer. Such forecasts require management to apply some levels of estimation. The rebate provision amounted to £3,243,000 in 2021 (£2,086,000 in 2020).

3. Analysis of turnover and revenue

All turnover arises from the company's principal activities of the sale of electrical cable management systems, electrical work station solutions, electrical wiring accessories and electronic security systems which constitute a single class of business.

Analysis of turnover by market:

	2021 £000	2020 (restated) £000
United Kingdom	92,469	82,193
Europe	8,711	6,882
Rest of the world	3,483	5,636
Total turnover	104,663	94,711
Other Income (Note 8)	-	1,020
Total revenue	<u>104,663</u>	<u>95,731</u>

Legrand Electric Limited

Notes to the financial statements For the Year Ended 31 December 2021

4. Operating profit

The operating profit is stated after charging/(crediting):

	2021 £000	2020 £000
Amortisation - goodwill	5,198	5,199
Depreciation of tangible fixed assets owned by the company	1,852	1,883
Amortisation of capitalised research and development expenditure	1,198	1,111
Stock impairment – included in Cost of sales	367	459
Reversal of stock impairment – included in Cost of sales	(207)	(243)
Bad debt charge	130	135
Gain on sale of fixed assets	25	-
Operating lease rentals		
- plant and machinery	1,228	1,285
- other	949	1,018
Research and development expenditure expensed	1,956	2,437
Exchange (gain)/loss	<u>(40)</u>	<u>97</u>

5. Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	<u>170</u>	<u>144</u>

The Company paid its auditor £ Nil in respect of non-audit services (2020 - £ Nil).

Legrand Electric Limited

Notes to the financial statements For the Year Ended 31 December 2021

6. Employees

Staff costs were as follows:

	2021 £000	2020 £000
Wages and salaries	22,680	25,025
Social security costs	2,055	2,480
Cost of defined benefit schemes	359	431
Cost of defined contribution schemes	1,667	1,858
	<u>26,761</u>	<u>29,794</u>

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

	2021 No.	2020 No.
Production	287	313
Selling and distribution	159	175
Administration	187	200
	<u>633</u>	<u>688</u>

7. Directors' remuneration

No remuneration was paid to the directors specifically for their services to the company in either year. There were no retirement benefits accruing to the directors (2020 - none). Each of the directors receives remuneration from other companies in the Legrand SA group of companies.

8. Other income

	2021 £000	2020 £000
Income from government Coronavirus Job Retention Scheme	-	1,020
	<u>-</u>	<u>1,020</u>

The company has taken advantage of the UK Government Coronavirus Job Retention Scheme (CJRS) initiative in order to maintain the employment of its employees and to minimise the number of redundancies. Up to 17 (2020 - 235) staff were furloughed at any one time.

Legrand Electric Limited

Notes to the financial statements
For the Year Ended 31 December 2021

9. Finance costs (net)

	2021 £000	2020 £000
Interest receivable and similar income		
Interest receivable on loans to group companies	(130)	(186)
Other interest receivable	(4)	(2)
	<u>(134)</u>	<u>(188)</u>
Interest payable and similar charges		
Interest payable on loans from group companies		17
Net interest cost on pension obligations (note 20)	333	387
	<u>333</u>	<u>404</u>
Finance costs (net)	<u>199</u>	<u>216</u>

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Legrand Electric Limited

**Notes to the financial statements
For the Year Ended 31 December 2021**

10. Tax on profit

	2021 £000	2020 (restated) £000
Corporation Tax		
Current tax charge on profits for the year	1,942	724
Corporation tax - adjustments re prior years	<u>(202)</u>	<u>(194)</u>
Total Corporation Tax	<u>1,740</u>	<u>530</u>
Deferred Tax (note 22)		
Origination and reversal of timing differences	432	1,100
Adjustments in respect of prior periods	(40)	56
Effect of changes in tax rates	<u>188</u>	<u>(94)</u>
Total Deferred Tax	<u>580</u>	<u>1,062</u>
Total current tax	<u>2,320</u>	<u>1,592</u>
Tax in other comprehensive income		
Change in recognition of deferred tax asset (note 22)	<u>(2,922)</u>	-

Factors affecting tax charge for the year

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

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2021 £000	2020 (restated) £000
Profit before taxation	<u>8,238</u>	<u>5,227</u>
Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2020 – 19.00%)	1,565	993
Effects of:		
Fixed asset differences	1,206	1,281
Expenses not deductible for tax purposes	27	10
Income not taxable for tax purposes	(48)	(45)
Adjustments to tax charge in respect of prior periods	(242)	(138)
Fixed asset investment credit	(52)	-
Change in recognition of deferred tax asset	(324)	(415)
Tax rate change	188	(94)
Total tax charge for the year	<u>2,320</u>	<u>1,592</u>

Factors that may affect future tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the Corporation Tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was deemed substantively enacted on 17 March 2020. In the Spring Budget 2021, the Government announced that from 1 April 2023 the Corporation Tax rate will increase from 19% to 25%. This new law was deemed substantively enacted on 24 May 2021 and the deferred tax balances at the year end have been calculated based on this rate.

Legrand Electric Limited

**Notes to the financial statements
For the Year Ended 31 December 2021**

11. Intangible fixed assets

	Goodwill £000	Intellectual property & Development expenditure £000	Total £000
Cost			
At 1 January 2021	103,970	7,579	111,549
Additions	-	547	547
At 31 December 2021	103,970	8,126	112,096
Amortisation			
At 1 January 2021	31,192	4,473	35,665
Charge for the year	5,198	1,198	6,396
At 31 December 2021	36,390	5,671	42,061
Net book value			
At 31 December 2021	<u>67,580</u>	<u>2,455</u>	<u>70,035</u>
At 31 December 2020	<u>72,778</u>	<u>3,106</u>	<u>75,884</u>

Goodwill has arisen on the acquisition of the businesses, assets and liabilities from subsidiary companies.

Development costs have been capitalised in accordance with the requirements of FRS 102.

The directors believe that no impairment is required against the value of intangible fixed assets.

Legrand Electric Limited

**Notes to the financial statements
For the Year Ended 31 December 2021**

12. Tangible fixed assets

	Freehold land and buildings £000	Other assets £000	Assets under construction £000	Total £000
Cost				
At 1 January 2021	10,367	25,404	2,125	37,896
Additions	-	153	1,878	2,031
Disposals	-	(62)	-	(62)
Transfers between classes	-	1,645	(1,645)	-
At 31 December 2021	10,367	27,410	2,358	39,865
Depreciation				
At 1 January 2021	4,099	18,502	-	22,601
Charge for the period	244	1,608	-	1,852
Disposals	-	(48)	-	(48)
At 31 December 2021	4,343	20,062	-	24,405
At 31 December 2021	6,024	7,078	2,358	15,460
At 31 December 2020	6,268	6,902	2,125	15,295

13. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2021	135,964
Additions	-
At 31 December 2021	135,964
Impairment	
At 1 January 2021	130,375
Charge for the period	-
At 31 December 2021	130,375
At 31 December 2021	5,589
At 31 December 2020	5,589

Legrand Electric Limited

Notes to the financial statements For the Year Ended 31 December 2021

13. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Tynetec Ltd	England	Ordinary	100 % Direct	Dormant
Electrak Holdings Ltd	England	Ordinary	100 % Direct	Parent of a group of dormant companies
Electrak Internat. Ltd*	England	Ordinary	100 % Indirect	Dormant
Electrak Ltd*	England	Ordinary	100 % Indirect	Intermediate holding company
Electrak Overseas Ltd**	England	Ordinary	100 % Indirect	Dormant
Jontek Ltd	England	Ordinary	100 % Direct	Dormant
CP Electronics Ltd	England	Ordinary	100 % Direct	Dormant
Raritan Computer UK Ltd	England	Ordinary	100 % Direct	Support the sales and marketing of Raritan products in UK
Starline Holdings Technology Ltd	England	Ordinary	100 % Direct	Provider of systems solutions for power distribution and management

* - wholly owned subsidiary of Electrak Holdings Limited

** - wholly owned subsidiary of Electrak Limited

In the opinion of the directors the value of the investments, including indebtedness, is supported by their underlying assets.

The Registered Office of Raritan Computer UK Ltd is 4th Floor, 25-26 Lime Street, London EC3M 7HR.

The Registered Office of Starline Holdings Technology Ltd is Unit C, Island Road, Reading RG2 0RP

The Registered Office of all other entities is Great King Street North, Birmingham, B19 2LF.

Legrand Electric Limited

**Notes to the financial statements
For the Year Ended 31 December 2021**

14. Stocks

	2021	2020
	£000	restated £000
Raw materials and consumables	9,723	6,472
Work in progress	2,389	1,811
Finished goods and goods for resale	6,118	6,086
	<u>18,230</u>	<u>14,369</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

Legrand Electric Limited

**Notes to the financial statements
For the Year Ended 31 December 2021**

15. Debtors

	2021 £000	2020 £000
Due after more than one year		
Pension schemes in surplus (Note 20)	422	457
Loan to subsidiary company	6,799	8,800
Loan to group company	30,000	30,000
Deferred taxation (Note 22)	2,137	-
	<u>39,358</u>	<u>39,257</u>
	2021 £000	2020 restated £000
Due within one year		
Trade debtors	21,283	19,827
Amounts owed by other group subsidiary	2,085	1,615
Loans to group undertakings	23,978	13,887
Corporation tax	2,196	1,217
Other debtors	-	79
Prepayments and accrued income	2,400	1,900
Deferred taxation (Note 22)	-	-
	<u>51,942</u>	<u>38,525</u>

The loan to a subsidiary company is unsecured and repayable between 20 June 2022 and 6 October 2023. It bears interest at a rate of 0.45% above the Bank of England Base Rate.

The loan to a group company is unsecured and repayable on 2 January 2025. It bears interest at a rate of 0.358% above LIBOR GBP 1 month.

The loans to group undertakings are unsecured and repayable on demand. They bear interest at a rate of LIBOR GBP 1 month' (2020 – 'LIBOR GBP 1 month').

The other amounts owed by group undertakings relate to trade sales and are payable on normal trade credit terms.

Legrand Electric Limited

**Notes to the financial statements
For the Year Ended 31 December 2021**

16. Creditors: Amounts falling due within one year

	2021	2020
	£000	restated £000
Trade creditors	8,267	6,778
Amounts owed to group undertakings	4,255	4,557
Corporation tax - group relief payable	10	10
Amount owed to subsidiary undertaking	3,484	3,484
Taxation and social security	1,384	2,110
Other creditors	974	912
Accruals and deferred income	11,828	7,279
	<u>30,202</u>	<u>25,130</u>

The amounts owed to group undertakings relate to trade purchases and are repayable on normal trade credit terms.

The amount owed to a subsidiary undertaking is unsecured, and repayable with no fixed repayment terms. It is interest free.

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

	2021	2020
	£000	£000
Deferred taxation (Note 22)	-	205
	<u>-</u>	<u>205</u>

18. Capital commitments

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

	2021	2020
	£000	£000
Approved but not contracted for – plant and equipment	<u>21</u>	<u>19</u>

Legrand Electric Limited

Notes to the financial statements For the Year Ended 31 December 2021

19. Provision for pensions liability

	Pension plans £000
Movements on provisions during the year were:	
At 31 December 2020 (Note 20)	25,422
Long term debtor 31 December 2020 (Note 15)	(457)
Charged to Profit & loss account	777
Credited to Statement of comprehensive income	(13,164)
Employer contributions	(2,483)
Long term debtor 31 December 2021 (Note 15)	422
At 31 December 2021 (Note 20)	<u>10,517</u>

The provision for liabilities relates to pension plans. Details of these plans are given in Note 20.

20. Pension plans

The company operates four defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £1,667,000 (2020 - £1,858,000). Contributions totalling £127,000 (2020 - £133,000) were payable to the funds at the balance sheet date.

The company is the principal employer for three defined benefit pension schemes (a) the Legrand UK Limited Pension Scheme, (b) the First Olympian Securities Group Pension Scheme and (c) the Legrand Ireland Limited Retirement and Death Benefits Plan. The assets of all of the schemes are held in independently administered funds. Contributions to the schemes are determined on the basis of actuarial valuations carried out by independent qualified actuaries at least every three years. The schemes are closed to new entrants and the First Olympian Securities Group Pension Scheme and the Legrand Ireland Limited Retirement and Death Benefits Plan are closed to future accrual.

A 0.5% increase in discount rate decreases liabilities by £8,819,000; a 0.25% increase in inflation increases liabilities by £1,708,000.

Summary of defined benefit schemes

	2021 £000	2020 £000
Fair value of plan assets	90,803	88,368
Present value of plan liabilities	(100,898)	(113,333)
Net pension scheme liability	<u>(10,095)</u>	<u>(24,965)</u>

Legrand Electric Limited**Notes to the financial statements
For the Year Ended 31 December 2021****20. Pension plans (continued)**

The amounts recognised in the Profit and loss account are as follows:

	2021 £000	2020 £000
Current service cost and expenses paid	432	500
Net interest cost on pension liabilities	333	387
Currency loss/(gain) on Legrand Ireland Retirement and Death Benefits Plan	12	(13)
	<u>777</u>	<u>874</u>

Reconciliation of present value of plan liabilities:

	2021 £000	2020 £000
Present value of plan liabilities at 1 January 2021	113,333	103,617
Current service cost	359	431
Interest on pension liabilities	1,539	1,918
Contributions by scheme participants	4	35
Actuarial (gain)/loss	(11,505)	10,057
Currency exchange (gain)/loss on Legrand Ireland Retirement and Death Benefits Plan	(177)	142
Benefits paid	(2,655)	(2,867)
Present value of plan liabilities at 31 December 2021	<u>100,898</u>	<u>113,333</u>

Reconciliation of fair value of plan assets:

	2021 £000	2020 £000
Fair value of plan assets at 1 January 2021	88,368	82,125
Expected return on plan assets	1,206	1,531
Actuarial gain	1,659	5,104
Actual expenses, taxes and premiums paid	(73)	(69)
Contributions by employer	2,483	2,354
Contributions by scheme participants	4	35
Currency exchange (loss)/gain on Legrand Ireland Retirement and Death Benefits Plan	(189)	155
Benefits paid	(2,655)	(2,867)
Fair value of plan assets at 31 December 2021	<u>90,803</u>	<u>88,368</u>

The cumulative amount of actuarial losses recognised in the Statement of other comprehensive income was £20,467,000 (2020 - £33,631,000)

Legrand Electric Limited

**Notes to the financial statements
For the Year Ended 31 December 2021**

20. Pension plans (continued)

Pension schemes in deficit

	2021 £000	2020 £000
Legrand UK Limited Pension Scheme	(10,517)	(25,422)
Provision for liabilities (Note 19)	<u>(10,517)</u>	<u>(25,422)</u>

Pension schemes in surplus

	2021 £000	2020 £000
First Olympian Securities Group Pension Scheme	267	296
Legrand Ireland Limited Retirement and Death Benefits Scheme	155	161
Debtor due after more than one year (Note 15)	<u>422</u>	<u>457</u>

Legrand UK Limited Pension Scheme

The company operates a defined benefit scheme in the United Kingdom. A full actuarial valuation was carried out as at April 6, 2021 and updated to December 31, 2021 by Capita Hartshead a qualified independent actuary.

The major assumptions used by the actuary were:

	2021 £000	2020 £000	2019 £000
Rate of increase in salaries	4.45% pa	4.20% pa	4.20% pa
LPI pension increases	3.20% pa	3.00% pa	3.00% pa
Rate of increase of deferred pensions	2.85% pa	2.60% pa	2.30% pa
Inflation assumption	2.85% pa	2.60% pa	2.30% pa
Discount rate	1.80% pa	1.40% pa	1.90% pa

The company contributions during the year amounted to £2,459,000 (2020 - £2,330,000) and the agreed company contribution rate for the coming year is 32.8%. Since April 2005 the company has made additional contributions to the scheme. From April 2021 this amount has been £185,660 per month, increasing by 3% on 1 April each year. The total contributions expected to be made to the scheme by Legrand Electric Limited in the year to December 31, 2022 is £2,423,000. Expenses and death in service premiums will be paid by the company as they fall due.

The scheme is closed to new entrants. In accordance with FRS 102, the valuation of the scheme's liabilities has been determined using the projected unit method. In these circumstances the use of this method can lead to the contribution rate underlying the current service cost increasing in future years.

The current service cost as a percentage of pensionable salaries will increase as members of the plan approach retirement.

Legrand Electric Limited

**Notes to the financial statements
For the Year Ended 31 December 2021**

20. Pension plans (continued)

Mortality assumptions

The principal mortality assumptions used to calculate the plan's liabilities under FRS 102 reflect the characteristics and experience of the membership of the plan.

The mortality tables used are :

2021 – S3PA base table with allowance for the standard CMI 2020 improvement model using a long term rate of 1.0% per year, and an initial addition to mortality improvements of 0%

2020 – S3PA base table with allowance for the standard CMI 2019 improvement model using a 1.0%pa long term rate and an initial addition to mortality improvements of 0.5%

Other mortality assumptions are shown below:

	2021	2020
Male member aged 65 (current life expectancy)	21.7 years	22.1 years
Female member aged 65 (current life expectancy)	24.1 years	24.4 years
Male member aged 45 (life expectancy at age 65)	22.7 years	23.2 years
Female member aged 45 (life expectancy at age 65)	25.2 years	25.6 years

Funded status

The funded status of the plan is as follows:

	2021 £000	2020 £000
Fair value of plan assets	86,958	84,286
Present value of plan liabilities	(97,475)	(109,708)
Net deficit recognised	(10,517)	(25,422)

Allocation of plan assets

	% at 31 Dec 2021	% at 31 Dec 2020
Equities	51.9	48.9
Bonds	17.6	18.2
Gilts, Cash and Other	30.5	32.9
	<u>100.0</u>	<u>100.0</u>

Plan assets do not include any of the company's own financial instruments or any property occupied by the company.

	2021 £'000	2020 £'000
Return on plan assets	<u>1,175</u>	<u>1,482</u>

Legrand Electric Limited

Notes to the financial statements For the Year Ended 31 December 2021 20. Pension plans (continued)

First Olympian Securities Group Pension Scheme

On January 1, 2007 the company became responsible for the First Olympian Securities Group Pension Scheme, being the pension scheme of its liquidated sister company, Wiremold Limited. The scheme is a defined benefit scheme in the United Kingdom. A full actuarial valuation was carried out as at May 1, 2019 and updated to December 31, 2021 by Aon Hewitt a qualified independent actuary.

The major assumptions used by the actuary were:

	2021	2020	2019
Rate of increase in salaries	N/A	N/A	N/A
LPI pension increases	3.20% pa	3.00% pa	3.00% pa
Rate of increase of deferred pensions	3.45% pa	3.20% pa	3.20% pa
Inflation assumption	3.45% pa	3.20% pa	3.20% pa
Discount rate	1.80% pa	1.40% pa	1.90% pa

The company contributions during the year amounted to £24,000 (2020 - £24,000). The scheme is closed to future accrual. The total contributions expected to be made to the scheme by Legrand Electric Limited in the year to December 31, 2022 is £24,000. Expenses and death in service premiums will be paid by the company as they fall due.

The scheme is closed to new entrants and future accrual. In accordance with FRS 102, the valuation of the scheme's liabilities has been determined using the projected unit method. In these circumstances the use of this method can lead to the contribution rate underlying the current service cost increasing in future years.

Mortality assumptions

The principal mortality assumptions used to calculate the plan's liabilities under FRS 102 reflect the characteristics and experience of the membership of the plan.

The mortality tables used are:

2021 – 100% of S3PxA tables CMI 2020 with a parameter 0.5% (2020: 100% of S3PxA tables CMI 2019 with a parameter 0.5%)

The minimum future improvements in life expectancy are:

2021 – 1.25% pa for males and females (2020: 1.25% pa for males and females)

Other mortality assumptions are shown below:

	2021	2020
Male member aged 65 (current life expectancy)	22.3 years	22.3 years
Female member aged 65 (current life expectancy)	24.6 years	24.6 years
Male member aged 45 (life expectancy at age 65)	23.6 years	23.6 years
Female member aged 45 (life expectancy at age 65)	26.1 years	26.0 years

Legrand Electric Limited

**Notes to the financial statements
For the Year Ended 31 December 2021**

20. Pension plans (continued)

Funded status

The funded status of the plan is as follows:

	2021 £000	2020 £000
Fair value of plan assets	1,161	1,248
Present value of plan liabilities	(894)	(952)
Net surplus recognised	<u>267</u>	<u>296</u>
Allocation of plan assets	% at 31 Dec 2021	% at 31 Dec 2020
Bonds	93.1	92.7
Other assets	6.9	7.3
	<u>100.0</u>	<u>100.0</u>

Plan assets do not include any of the company's own financial instruments or any property occupied by the company.

	2021 £'000	2020 £'000
Return on plan assets	<u>17</u>	<u>22</u>

Legrand Ireland Limited Retirement and Death Benefits Plan

On July 31, 2009 the company became responsible for the Legrand Ireland Limited Retirement and Death Benefits Plan, being the pension scheme of its sister company, Legrand Ireland Limited. The scheme is a defined benefit scheme in the Republic of Ireland. A full actuarial valuation was carried out as at January 1, 2021 and updated to 31 December, 2021 by a qualified independent actuary at Lane Clark & Peacock Ireland Limited.

The major assumptions used by the actuary were:

	2021	2020	2019
Rate of increase in salaries	N/A	N/A	N/A
LPI pension increases	2.10% pa	1.30% pa	1.45% pa
Rate of increase of deferred pensions	2.10% pa	1.30% pa	1.45% pa
Inflation assumption	2.10% pa	1.30% pa	1.45% pa
Discount rate	0.90% pa	0.50% pa	0.95% pa

The company contributions during the year amounted to £ Nil (2020 - £ Nil). The total contributions expected to be made to the scheme by Legrand Electric Limited in the year to December 31, 2022 is EUR Nil as no request for contributions has been made by the scheme trustees. Expenses and death in service premiums will be paid by the company as they fall due.

Notes to the financial statements
For the Year Ended 31 December 2021

20. Pension plans (continued)

The scheme is closed to new entrants. In accordance with FRS 102, the valuation of the scheme's liabilities has been determined using the projected unit method. In these circumstances the use of this method can lead to the contribution rate underlying the current service cost increasing in future years. However, as long as the scheme is closed to future accrual, there is no service cost to consider in future years.

The deficit of the scheme and net pension liability at July 31, 2009 was £129,000. This deficit was incorporated into the financial statements of the company when the assets and liabilities of Legrand Ireland Limited were transferred to the company.

Mortality assumptions

The principal mortality assumptions used to calculate the plan's liabilities under FRS 102 reflect the characteristics and experience of the membership of the plan.

The mortality pre and post retirement tables used are :

2021: 58% ILT15 (males) 62% ILT15 (females) (2020: 58% ILT15 (males) 62% ILT15 (females))

Age difference between spouses:

2021 - A male is assumed to be 3 years older than his spouse (2020: A male is assumed to be 3 years older than his spouse)

Other mortality assumptions are shown below:

	2021	2020
	Yes	Yes
Allowance for future improvements in mortality		
Expected life expectancy for a 65 year old male in 2021	21.9 years	21.8 years
Expected life expectancy for a 65 year old male in 2031	23.2 years	23.0 years
Withdrawals	No	No
Percentage married	Current %	Current %

Funded status

The funded status of the plan is as follows:

	2021	2020
	£000	£000
Fair value of plan assets	2,684	2,834
Present value of plan liabilities	(2,529)	(2,673)
Net surplus recognised	155	161

Notes to the financial statements
For the Year Ended 31 December 2021

20. Pension plans (continued)

Allocation of plan assets

	% at 31 Dec 2021	% at 31 Dec 2020
Equities	42.2	36.1
Fixed interest	<u>57.8</u>	<u>63.9</u>
	<u>100.0</u>	<u>100.0</u>

Plan assets do not include any of the company's own financial instruments or any property occupied by the company.

	2021 £'000	2020 £'000
Return on plan assets	<u>14</u>	<u>27</u>

21. Commitments under operating leases

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

	2021 £000	2020 £000
Land and buildings		
Not later than 1 year	851	933
Later than 1 year and not later than 5 years	962	1,265
Greater than 5 years	126	-
Total	<u>1,939</u>	<u>2,198</u>

	2021 £000	2020 £000
Other assets – motor vehicles and office equipment operating leases		
Not later than 1 year	892	674
Later than 1 year and not later than 5 years	1,330	996
Total	<u>2,222</u>	<u>1,670</u>

Notes to the financial statements
For the Year Ended 31 December 2021

22. Deferred taxation

	2021 £000
At 1 January 2021	(205)
Adjustment in respect of prior years	40
Charged to profit and loss account	(620)
Change in recognition of deferred tax asset (recognised in OCI)	2,922
Deferred tax asset as at 31 December 2021	<u>2,137</u>

Deferred tax asset is recognised as follows:

	2021 £000	2020 £000
Depreciation in excess of capital allowances	(756)	(207)
Short term timing differences	336	(20)
Tax losses carried forward	-	22
Pension plan liabilities	2,557	
	<u>2,137</u>	<u>(205)</u>

There is not expected to be any reversal of the deferred taxation liability within the next 12 months.

The unrecognised deferred taxation asset at 25% (2020 - 19%) is made up as follows:

	2021 £000	2020 (restated) £000
Short term timing differences	-	395
Pension plan liabilities	-	4,743
	<u>-</u>	<u>5,138</u>

23. Reserves

Profit & loss account

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

24. Share capital

	2021 £000	2020 £000
Authorised, allotted, called up and fully paid		
290,219,658 - Ordinary shares of £0.50 each (2020: 290,219,658 shares)	<u>145,110</u>	<u>145,110</u>

25. Share based payments

The Legrand SA free share and share option plan 'Plan d'attribution d' actions gratuites et d' options 2007' was introduced in May 2007. Under the free share and stock option plan the committee can grant free shares and share options over shares in the listed parent company Legrand SA, to employees of the group.

The exercise price of the free shares is EUR Nil (2020 - EUR Nil). No options were granted in 2021 (2020 - Nil). The contractual life of an option is 10 years. The contractual life of the free shares award is 2 years for French residents and 4 years for non-French residents. There are no reload features.

Free shares issued and options granted will become exercisable on the fourth anniversary of the date of grant. Free shares issued to French residents will become exercisable on the second anniversary of the date of grant. The issue of free shares and exercise of an option are subject to continued employment. Options were valued using the Binomial Model and free shares are valued using the Black and Scholes Model. No performance conditions were included in the fair value calculations.

A reconciliation of option and free shares movements over the year to December 31, 2021 is shown below:

	Stock options 2021	Stock options 2020	Free shares 2021	Free shares 2020
Outstanding at beginning of year	-	1,707	-	-
Exercised	(-)	(1,707)	-	-
Outstanding at end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Weighted average exercise price (Euros)	0.00	21.12	0.00	0.00
Range of exercise prices (Euros)	0.00	21.12	0.00	0.00
Weighted average contractual life (days)	0	0	0	0

The total charge for the year relating to employee share based payment plans was £Nil (2020 - £10,000 Credit) all of which related to equity-settled share based payment transactions. An accrual of £ Nil (2020 - £ Nil) has been recorded at year end for national insurance contributions to be paid.

Notes to the financial statements
For the Year Ended 31 December 2021

26. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Legrand UK Limited, a company incorporated in England.

The ultimate parent undertaking and controlling party is Legrand SA, a company incorporated in France.

Legrand SA is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at December 31, 2021. The consolidated financial statements of Legrand SA can be obtained from the company's registered address at 128 Avenue de Lattre-de-Tassigny, 87000 Limoges, France.

27. Events after the balance sheet date

No significant events that have had an impact on the company have occurred since the balance sheet date and the signing of these financial statements. This includes the Russia/Ukraine war and the economic climate of late 2022/2023.

28. Exceptional items

	2021 £000	2020 £000
Restructuring costs, being redundancy payments made to employees due to the downturn in the business caused by the COVID 19 pandemic	<u>-</u>	<u>1,831</u>

Legrand Electric Limited

Notes to the financial statements For the Year Ended 31 December 2021

29. Restatement of 2020

An error relating to revenue and cost recognition on project and service business in the Legrand Care business unit was identified in relation to 2019 and 2020. The comparative figures in the primary statements and notes have been restated to reflect the prior period error.

	2020 As previously stated £000	Restatement £000	2020 As restated £000
Profit and loss account			
Turnover	95,327	(616)	94,711
Cost of sales	(53,195)	(1,037)	(54,232)
Gross margin	42,132	(1,653)	40,479
Operating profit	7,907	(1,653)	6,254
Profit before tax	6,880	(1,653)	5,227
Tax on profit	(1,906)	314	(1,592)
Profit attributable to equity shareholders of the company	4,974	(1,339)	3,635
Total comprehensive income	11	(1,339)	(1,328)
Balance sheet			
Stocks	14,470	(101)	14,369
Debtors: Amounts falling due within one year	41,951	(3,426)	38,525
Creditors: Amounts falling due within one year	(25,190)	60	(25,130)
Net current assets/working capital	71,389	(2,567)	68,822
Total assets less current liabilities	168,157	(2,567)	165,590
Net assets	142,530	(2,567)	139,963
Profit and loss account	(2,580)	(2,567)	(5,147)

The opening profit and loss account at 1 January 2020 has been restated from a deficit of £2,601,000 to a deficit of £3,829,000, an adjustment to decrease profit for the year by £1,228,000. This was due to the same error as explained above.