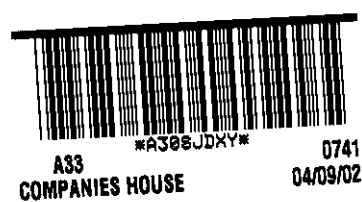


# **BTR plc**

## **Report and Accounts**

For the year ended 31 March 2002

*Company number: 57410*



**DIRECTORS**

Sir Graham Hearne

V M Hull

Lord Marshall

K A O'Donovan

S M Robertson

**SECRETARY**

Invensys Secretaries Limited

**AUDITORS**

Ernst & Young LLP

Becket House

1 Lambeth Palace Road

London

SE1 7EU

**REGISTERED OFFICE**

Invensys House

Carlisle Place

London

SW1P 1BX

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**DIRECTORS' REPORT (continued)**

The directors present their report and accounts for the year ended 31 March 2002.

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The Company's principal activity during the year continued to be that of a holding company within the Invensys Group.

Company development has been satisfactory and is expected to continue to be so. The directors do not expect any change in the principal activity during the next financial year.

During the year the Company acquired Siebe Protec Limited, a fellow Group subsidiary, from Invensys plc. In consideration for the acquisition, the Company increased its authorised share capital by 6,211,426,000 ordinary shares of 30 10/13p and issued the same amount of shares to Invensys plc.

**POST BALANCE SHEET EVENTS**

Following the year end, the Company disposed of its beneficial interest in the share capital of Schlegel (UK) Holdings Limited and Metzeler (UK) Limited to a fellow subsidiary undertaking at net book value.

**RESULTS AND DIVIDENDS**

The results for the financial year are summarised below:

	2002 £ million	2001 £ million
(Loss)/profit before taxation	(13)	52
Taxation on (loss)/profit	(2)	38
(Loss)/profit for the financial year	(15)	90

The directors do not recommend the payment of a final dividend (2001: £160 million).

**DIRECTORS**

The directors who served during the year were as follows:

R P Bauman  
Sir Graham Hearne  
Lord Marshall  
K A O'Donovan  
S M Robertson  
V M Hull (appointed 22 August 2001)  
A M Yurko (resigned 31 January 2002)

In addition, R P Bauman resigned from the Board of directors on 24 July 2002.

**DIRECTORS' REPORT (continued)****DIRECTORS' INTERESTS**

None of the directors had any beneficial interest in the shares of the Company. With the exception of V M Hull, all of the directors are also directors of Invensys plc, the ultimate parent undertaking, and, as such, their beneficial interests in the ordinary shares of Invensys plc are disclosed in the accounts of that company.

The interests of the other director in the ordinary shares of Invensys plc at 31 March 2002 were:

	At 31 March 2002			At 1 April 2001 (or, if later, at date of appointment)		
	Shares	Share option schemes Executive	SAYE	Shares	Share option schemes Executive	SAYE
V M Hull	-	500,000	-	-	500,000	-

**AUDITOR**

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the members at the Annual General Meeting.

By Order of the Board.



Per pro Invensys Secretaries Limited  
Secretary  
Invensys House  
Carlisle Place  
London  
SW1P 1BX

Date 23/8/02

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
PREPARATION OF THE ACCOUNTS**

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. 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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
BTR PLC**

We have audited the company's accounts for the year ended 31 March 2002 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 19. These accounts have been prepared on the basis of the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards. We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

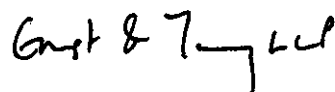
**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
London

Date: 27 August 2002

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2002**

		Year ended 31 March 2002 £ million	Year ended 31 March 2001 £ million
	Notes		
Amounts written off investments		(6)	-
Profit on disposal of fixed asset investments	7	17	2
Recharges from subsidiary undertaking	2	-	(26)
Profit/(loss) on ordinary activities before interest and taxation		11	(24)
Income from shares in group undertakings		12	131
Net interest payable and similar charges	8	(36)	(55)
<b>(Loss)/profit on ordinary activities before taxation</b>	4	(13)	52
Tax on (loss)/profit on ordinary activities	9	(2)	38
<b>(Loss)/profit on ordinary activities after taxation</b>		(15)	90
Dividends payable	10	-	(160)
<b>Retained loss for the financial year</b>	15	(15)	(70)

There are no recognised gains or losses other than the loss for the financial year of £15 million (2001: profit of £90 million).

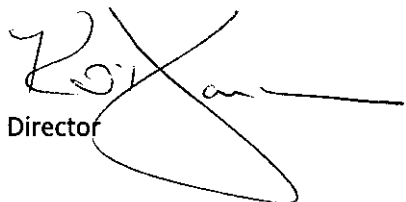
The notes on pages 11 to 17 form part of these accounts.



**BTR plc****BALANCE SHEET  
AT 31 MARCH 2002**

	Notes	31 March 2002 £ million	31 March 2001 £ million
<b>FIXED ASSETS</b>			
Investments	11	9,472	7,567
		<hr/> 9,472	<hr/> 7,567
<b>CURRENT ASSETS</b>			
Debtors	12	38	1,166
<b>CREDITORS:</b> amounts falling due within one year	13	(3,991)	(5,110)
		<hr/> (3,953)	<hr/> (3,944)
<b>NET CURRENT LIABILITIES</b>			
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> 5,519	<hr/> 3,623
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	2,972	1,061
Share premium account	15	133	133
Capital redemption reserve	15	1,452	1,452
Special capital reserve	15	977	977
Profit and loss account	15	(15)	-
		<hr/> 5,519	<hr/> 3,623
<b>EQUITY SHAREHOLDERS' FUNDS</b>			

These accounts were approved by the Board on 23/08/2002 and signed on its behalf by:

  
Director

The notes on pages 11 to 17 form part of these accounts.

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**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS  
FOR THE YEAR ENDED 31 MARCH 2002**

	Notes	2002 £ million	2001 £ million
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(15)	90
Dividends	10	-	(160)
		<hr/> (15)	<hr/> (70)
Opening shareholders' funds		3,623	3,693
Issue of share capital		1,911	-
		<hr/> 5,519	<hr/> 3,623
Closing shareholders' funds			

**NOTES TO THE ACCOUNTS**

**1. ACCOUNTING POLICIES**

***Basis of preparation***

The accounts have been prepared under the historical cost convention, and in accordance with all applicable UK accounting standards.

Under Financial Reporting Standard No. 1: "Cash Flow Statements" (revised 1996), the Company is exempt from the requirement to prepare a cash flow statement, on the grounds that it is a wholly owned subsidiary undertaking of Invensys plc, a listed company that prepares a consolidated cash flow statement for the Invensys group.

***Going Concern***

The Company is dependent on continuing finance being made available by its parent company to enable it to continue operating and to meet its liabilities as they fall due.

The parent undertaking has agreed to provide sufficient funds to the Company for these purposes. The directors believe that it is therefore appropriate to prepare the accounts on a going concern basis.

***New financial reporting standards***

***Adoption of FRS 18***

In December 2000 the Accounting Standards Board issued Financial Reporting Standard No 18: Accounting Policies (FRS 18). FRS 18 updates an existing accounting standard and provides new guidance requiring that the most appropriate accounting policies and treatments are selected for the Company's particular circumstances. It has not had a significant effect on the measurement of the results and assets and liabilities of the Company.

***Adoption of FRS 19***

In December 2000 the Accounting Standards Board issued Financial Reporting Standard No 19: Deferred Tax. Under FRS19 the Company is required to recognise deferred tax as a liability or asset if transactions or events giving rise to an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date.

Previously the Company provided for deferred tax using the liability method to the extent that it was probable that liabilities would crystallise in the foreseeable future. Under FRS 19 full provision is required, whether or not an actual liability will crystallise. As permitted by FRS 19, the Company has adopted a policy of not discounting deferred tax assets and liabilities.

***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the period end. Exchange differences arising from the re-translation of foreign currency denominated assets and liabilities together with other exchange differences arising in the year are included in the profit and loss account.

***Investments***

Investments in subsidiary undertakings are held at cost less amounts written off and provisions for impairment.

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**NOTES TO THE ACCOUNTS (continued)**

**1. ACCOUNTING POLICIES (continued)**

***Taxation***

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation of fixed assets, or gains on disposal of fixed assets, that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**2. RECHARGES FROM SUBSIDIARY UNDERTAKING**

Recharges from subsidiary undertaking in the year ended 31 March 2001 related to costs of management incurred in the process of identification and evaluation of potential merger partners for BTR plc together with the transaction costs incurred on its merger with Siebe plc during 1999. It is considered that it is more appropriate that costs of this nature are borne by BTR plc and they have therefore been recharged from another group company.

**3. SEGMENTAL ANALYSIS**

The sole activity of the Company is to act as a holding company within the Invensys group. Consequently, there is no turnover or operating profit.

The assets of the Company consist of investments and intercompany balances and are therefore not classified as operating assets per Statement of Standard Accounting Practice No. 25.

**NOTES TO THE ACCOUNTS (continued)****4. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Remuneration of the auditors for non-audit services supplied to the Company amounted to £nil (2001: £nil). The auditor's remuneration is borne by the Company's ultimate parent undertaking.

**5. DIRECTORS' REMUNERATION**

None of the directors received any emoluments from the Company during the year (2001: £nil).

**6. EMPLOYEES**

No persons were employed by the Company during the year (2001: nil).

**7. NON-OPERATING EXCEPTIONAL ITEMS**

During the year the Company received £17 million relating to a sale price adjustment for the disposal of the Rockware Group to a third party.

**8. NET INTEREST PAYABLE AND SIMILAR CHARGES**

	2002 £ million	2001 £ million
Interest payable to group undertakings	37	51
Foreign exchange loss	-	4
	<hr/> 37	<hr/> 55
Interest receivable from third parties	(1)	-
Net interest payable	<hr/> 36	<hr/> 55

**9. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES****(I) Analysis of tax charge**

	2002 £ million	2001 £ million
United Kingdom corporation tax		
Current tax charge/(credit) on income for the period	2	(15)
Adjustment in respect of prior periods	-	(23)
Tax charge/(credit) on (loss)/profit on ordinary activities	<hr/> 2	<hr/> (38)

**NOTES TO THE ACCOUNTS (continued)****(ii) Factors affecting the tax charge**

	<b>2002 £million</b>	<b>2001 £million</b>
(Loss)/profit on ordinary activities before tax	(13)	52
Tax (credit)/charge on ordinary activities at 30.0 %	(4)	16
Amounts written off investments	2	-
Adjustments in respect of prior years	-	(23)
Losses surrendered to other group companies	11	-
Recharges from subsidiary relating to prior years	-	8
Profit on disposal of investments	(3)	-
Non taxable dividend income	(4)	(39)
<b>Total current tax</b>	<b>2</b>	<b>(38)</b>

**(iii) Factors that may affect future tax charges**

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

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries as no dividends have been accrued out of those earnings.

**10. DIVIDENDS**

	<b>2002 £ million</b>	<b>2001 £ million</b>
Ordinary	-	160

**11. INVESTMENTS**

Investments in subsidiary undertakings:

	<b>Shares in subsidiary undertakings £ million</b>	<b>Loans to subsidiary undertakings £ million</b>	<b>Total £ million</b>
<b>Cost</b>			
At beginning of year	6,926	1,559	8,485
Additions	1,911	-	1,911
<b>At end of year</b>	<b>8,837</b>	<b>1,559</b>	<b>10,396</b>
<b>Provisions</b>			
At beginning of year	918	-	918
Increase in provision	6	-	6
<b>At end of year</b>	<b>924</b>	<b>-</b>	<b>924</b>
<b>Net book value</b>			
At end of year	7,913	1,559	9,472
<b>At beginning of year</b>	<b>6,008</b>	<b>1,559</b>	<b>7,567</b>

**NOTES TO THE ACCOUNTS (continued)****11. INVESTMENTS (continued)**

Details of the Company's principal subsidiary undertakings are as follows:

<b>Name of company</b>	<b>Country of Registration, incorporation and operation</b>	<b>Holding</b>	<b>Proportion held</b>	<b>Nature of Business</b>
<b>Subsidiary undertakings</b>				
BTR Industries Limited	England & Wales	Ordinary shares	100%	Operating company
Siebe Protec Limited	England & Wales	Ordinary shares	94%	Holding company
BTR International Limited	England & Wales	Ordinary shares	100%	Holding company
Hawker Siddeley Group Limited	England & Wales	Ordinary shares	100%	Holding company

As permitted by section 231 (5) of the Companies Act 1985, only principal subsidiary undertakings are shown above. A complete list of all subsidiary undertakings is filed with the Company's annual return.

On 12 March 2002 the Company acquired 94% of the share capital of Siebe Protec Limited from Invensys plc. The consideration for the acquisition was the issue by the Company of 6,211,426,000 ordinary shares of 30 10/13 pence each.

During the year the Company received £17 million relating to a sale price adjustment for the disposal of the Rockware Group to a third party.

Group accounts have not been prepared because the Company is a wholly owned subsidiary of Invensys plc, a company registered in England and Wales. As a result, the accounts present information about the Company as an individual undertaking and not about its group.

**12. DEBTORS:**

<b>Amounts falling due within one year</b>	<b>2002 £ million</b>	<b>2001 £ million</b>
Amounts owed by subsidiary and fellow group undertakings	24	1,147
Corporation tax	13	18
Other debtors	1	1
	<u>38</u>	<u>1,166</u>

**NOTES TO THE ACCOUNTS (continued)**

**13. CREDITORS: amounts falling due within one year**

	2002 £ million	2001 £ million
Bank overdrafts	-	1
Amounts owed to parent and fellow subsidiary undertakings	3,988	662
Amounts owed to subsidiary undertakings	-	4,446
Corporation tax	2	-
Other creditors	1	1
	<u>3,991</u>	<u>5,110</u>

**14. CALLED UP SHARE CAPITAL**

	Authorised		Allotted, called-up and fully paid	
	2002 £ million	2001 £ million	2002 £ million	2001 £ million
10,662,194,707 (2001: 4,450,768,707) ordinary shares of 30 10/13p each	3,281	1,370	-	-
9,661,431,720 (2001: 3,450,005,720) ordinary shares of 30 10/13p each	-	-	2,972	1,061
4,112,304,000 'B' shares of 36 1/2p each	1,501	1,501	-	-
2 ordinary shares of 1 12/13p each	-	-	-	-
	<u>4,782</u>	<u>2,871</u>	<u>2,972</u>	<u>1,061</u>

On 12 March 2002 the authorised share capital of the Company was increased to £4,781,662,255 by the creation of 6,211,426,000 additional ordinary shares of 30 10/13 pence each, all of which were allotted, called up and fully paid.

**15. RESERVES**

	Share premium account £ million	Capital redemption reserve £ million	Special capital reserve £ million	Profit and loss account £ million
At beginning of year	133	1,452	977	-
Loss for the year	-	-	-	(15)
	<u>133</u>	<u>1,452</u>	<u>977</u>	<u>(15)</u>



**NOTES TO THE ACCOUNTS (continued)**

**16. CONTINGENT LIABILITIES**

The Company has guaranteed loan notes of a fellow subsidiary undertaking totalling \$110 million (2001:\$110 million).

**17. POST BALANCE SHEET EVENTS**

Following the year end, the Company disposed of its beneficial interest in the share capital of Schlegel (UK) Holdings Limited and Metzeler (UK) Limited to a fellow subsidiary undertaking at net book value.

**18. RELATED PARTY TRANSACTIONS**

As the Company is a wholly owned subsidiary undertaking of Invensys plc, a company registered in England and Wales, which prepares published consolidated accounts, the Company has pursuant to paragraph 17 of Financial Reporting Standard No 8: Related Party Disclosures (FRS 8) not included details of transactions with other companies which are subsidiaries of the Invensys Group. There are no other related party transactions.

Disclosure of directors' interest in the shares of the Company and Invensys plc is made in the Directors' Report.

**19. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING**

The immediate and ultimate parent undertaking of BTR plc is Invensys plc, a company registered in England and Wales. The only group preparing consolidated group accounts which include BTR plc is Invensys plc. Copies of the accounts of Invensys plc, can be obtained from the Company Secretarial Department, Invensys plc, Invensys House, Carlisle Place, London, SW1P 1BX.