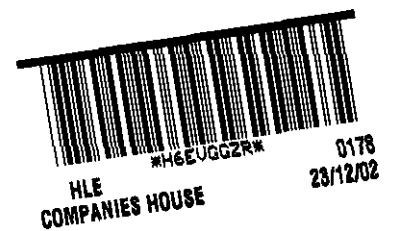


Registered Number 778004

Ajax Electrical Limited
Annual report
for the year ended 31 December 2001



Ajax Electrical Limited

Annual report for the year ended 31 December 2001

Contents

Directors' report for the year ended 31 December 2001	1
Independent auditors' report to the members of Ajax Electrical Limited	3
Profit and loss account for the year ended 31 December 2001	4
Balance sheet as at 31 December 2001	5
Cash flow statement for the year ended 31 December 2001	6
Accounting policies	7
Notes to the financial statements for the year ended 31 December 2001	8

Ajax Electrical Limited

Directors' report for the year ended 31 December 2001

The directors present their report and the financial statements of the company for the year ended 31 December 2001.

Principal activities

The company is engaged in the manufacture and sale of electrical devices.

Review of business

The increase in turnover for 2001, was due to increased volumes. Output for 2002 is expected to decrease slightly due to prevailing business conditions.

Results and dividends

The results for the year are set out in the profit and loss account on page 4. The directors do not recommend the payment of a final dividend. The retained profit for the year of £620,000 (2000: loss of £1,915,000) has been transferred to/(deducted from) reserves.

Post Balance Sheet Event

On 10 October 2002 the joint shareholders of the company, Schneider Electric Limited and MK Electric Limited, announced the closure of the manufacturing operations of Ajax Electric Limited. The closure is expected to be finalised in March 2003.

Directors and their interests

The directors who served during the year were:

MA Southgate

T McCarthy

IM Barnes (resigned 6 April 2001)

R Stein (resigned 1 July 2002)

P Labas (resigned 1 January 2001)

M Brisse (appointed 6 April 2001, resigned 25 September 2002)

C White (appointed 11 April 2001)

M Mollier-Generaz (appointed 1 July 2002)

G Du Mell de la Rochère (appointed 1 October 2002)

T Lambeth (appointed 15 October 2002)

The directors had the following interests in the share options of the ultimate parent undertaking, Schneider Electric SA, at the beginning and end of the year.

	Date of grant	At 31 December 2001		At 31 December 2000	
		Number	Price €	Number	Price €
R Stein	10 June 1997	2,300	44.52	2,300	44.52
	28 January 1998	3,000	50.76	3,000	50.76
	1 April 1999	4,000	50.73	4,000	50.73
	1 April 1999	3,500	50.73	3,500	50.73
	24 March 2000	3,000	65.88	3,000	65.88
	4 April 2001	3,000	68.80	-	-
T McCarthy	28 January 1998	1,800	50.76	1,800	50.76
P Labas	1 April 1999	3,000	50.73	3,000	50.73
	1 April 1999	1,200	50.73	1,200	50.73
	24 March 2000	2,500	65.88	2,500	65.88
	4 April 2001	2,000	68.80	-	-

These options are all exercisable during the period of five years from the date of grant.

The directors did not have any interest in the ordinary shares of Schneider Electric SA.

Ajax Electrical Limited

Directors' report for the year ended 31 December 2001 (continued)

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

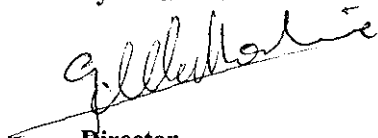
The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 7. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2001, and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 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.

Auditors

PricewaterhouseCoopers are willing to continue in office and a resolution for their re-appointment as auditors will be proposed at the annual general meeting.

By order of the Board



Director

15 October 2002

Registered office:
Stafford Park 5
Telford
Shropshire
TF3 3BL

Ajax Electrical Limited

Independent auditors' report to the members of Ajax Electrical Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements 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 financial statements, 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Leeds

15 October 2002

Ajax Electrical Limited

Profit and loss account for the year ended 31 December 2001

	Note	2001 £'000	2000 £'000
Turnover	1	6,842	6,742
Cost of sales		(4,648)	(4,576)
Gross profit		2,194	2,166
Administrative expenses		(1,357)	(1,478)
Operating profit		837	688
Interest received	2	23	113
Profit before taxation	3	860	801
Taxation	6	(240)	(216)
Profit after taxation		620	585
Dividends	7	-	(2,500)
Retained profit/(loss) for the year	15	620	(1,915)

All of the above relate to continuing operations.

There is no difference between profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

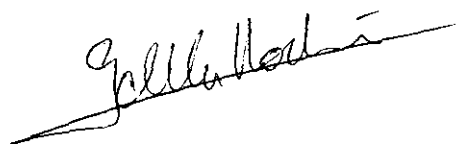
The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

Ajax Electrical Limited

Balance sheet as at 31 December 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Intangible assets	8	68	111
Tangible assets	9	684	734
		752	845
Current assets			
Stock	10	397	294
Debtors	11	1,568	2,079
Cash at bank and in hand		420	349
		2,385	2,722
Creditors - amounts falling due within one year	12	(1,641)	(2,691)
Net current assets		744	31
		1,496	876
Capital and reserves			
Share capital	14	1,000	1,000
Profit and loss account	15	496	(124)
Equity shareholders' funds	16	1,496	876

The financial statements on pages 4 to 15 were approved by the board of directors on 15 October 2002 and were signed on its behalf by:



Director

Ajax Electrical Limited

Cash flow statement for the year ended 31 December 2001

	Note	2001 £'000	2000 £'000
Net cash inflow from operating activities	13(a)	415	2,157
Returns on investments and servicing of finance			
Interest received		23	113
Taxation		(237)	(369)
Capital expenditure and financial investments			
Purchase of tangible assets		(81)	(119)
Equity dividends paid		-	(2,500)
Net cash inflow/(outflow) before financing		120	(718)
Financing		-	-
Increase/(decrease) in cash	13(b)	120	(718)

Ajax Electrical Limited

Accounting policies

Basis of accounting

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

During the year the company adopted FRS 18 'Accounting Policies' with no significant impact. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Turnover

Turnover comprises the invoice value, after rebates, and excluding value added tax, of goods supplied to customers and revenue is recognised when goods are despatched to customers.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost, which comprises prime costs of direct labour and materials together with related overheads, and net realisable value.

Intangible assets

Intangible assets are amortised over 10 years from the time the company commenced manufacture of patented products.

Tangible assets

Depreciation is provided on a straight line basis to write off the cost of fixed assets over their estimated useful lives which are considered to be:

Plant and machinery - 4 to 6 years from the date of acquisition

Deferred taxation

No provision is made for taxation liabilities or assets arising from the allocation of items to different periods for taxation and for accounting purposes unless there is a reasonable probability of payment in the foreseeable future. Any provision is established at the corporation tax rates anticipated to be in force at the time each deferred liability will ultimately crystallise.

Pension costs

The cost of providing pension benefits is charged to the profit and loss account as a consistent percentage of earnings over the period benefiting from the employees' services.

Ajax Electrical Limited

Notes to the financial statements for the year ended 31 December 2001

1 Turnover

	2001 £'000	2000 £'000
The turnover attributable to each of the company's geographical markets is:		
United Kingdom	4,600	3,335
Europe	2,242	3,407
	6,842	6,742

All turnover originates in the United Kingdom and relates to the sole activity of the business.

2 Interest

	2001 £'000	2000 £'000
Bank interest receivable	23	113

3 Profit before taxation

	2001 £'000	2000 £'000
Profit before taxation is arrived at after charging:		
Amortisation of intangible assets	43	43
Depreciation of tangible assets	131	168
Auditors' remuneration		
audit	12	12

Ajax Electrical Limited

Notes to the financial statements for the year ended 31 December 2001 (continued)

4 Employees

	2001 Number	2000 Number
The average number of persons employed by the company, including executive directors, was	59	59

The costs incurred in respect of these employees were:

	2001 £'000	2000 £'000
Wages and salaries	972	1,087
Social security costs	69	78
Other pension costs	73	77
	1,114	1,242

5 Directors remuneration

None of the directors received any emoluments in respect of their services to the company during the year.

Ajax Electrical Limited

Notes to the financial statements for the year ended 31 December 2001 (continued)

6 Taxation

	2001 £'000	2000 £'000
Based on the profit for the year at 30% (2000: 30%)		
UK corporation tax	236	216
Adjustments in respect of prior year – UK Corporation tax	4	-
	240	216

The unrecognised deferred tax asset at 31 December 2001 is analysed below:

	2001 £'000
Accelerated capital allowances	28
Short term timing differences	65
	93

7 Dividends

	2001 £'000	2000 £'000
Dividend on ordinary shares		
- interim dividend paid	-	2,500

The date of declaration of the prior year interim dividend was 30 November 2000. Interim accounts at that date detailed sufficient distributable reserves and at that date the Directors were of the opinion that distributable reserves at 31 December 2000 would be in excess of £2,500,000. Distributable reserves at 31 December 2000 were actually £2,376,000 and the Directors were of the opinion at that date that the profits for the year ended 31 December 2001 would be sufficient to eliminate the deficit on reserves of £124,000.

Ajax Electrical Limited

Notes to the financial statements for the year ended 31 December 2001 (continued)

8 Intangible fixed assets

	Licence fee £'000
Cost	
At 1 January 2001 and 31 December 2001	429
Amortisation	
At 1 January 2001	318
Charge for the year	43
At 31 December 2001	361
Net book amount	
At 31 December 2001	68
At 31 December 2000	111

9 Tangible fixed assets

	Plant and machinery £'000
Cost	
At 1 January 2001	6,111
Additions	81
Disposals	(741)
At 31 December 2001	5,451
Depreciation	
At 1 January 2001	5,377
Charge for the year	131
Disposals	(741)
At 31 December 2001	4,767
Net book amount	
At 31 December 2001	684
At 31 December 2000	734

Ajax Electrical Limited

Notes to the financial statements for the year ended 31 December 2001 (continued)

10 Stock

	2001	2000
	£'000	£'000
Raw materials and consumables	288	163
Work in progress	109	131
	397	294

11 Debtors

	2001	2000
	£'000	£'000
Trade debtors	458	379
Amounts owed by group undertakings	1,103	1,700
Other debtors and prepayments	7	-
	1,568	2,079

12 Creditors – Amounts falling due within one year

	2001	2000
	£'000	£'000
Bank overdraft	48	97
Trade creditors	298	602
Amounts owed to group undertakings	1,088	1,784
Other taxation and social security	78	56
Other creditors and accruals	65	91
Corporation tax	64	61
	1,641	2,691

Ajax Electrical Limited

Notes to the financial statements for the year ended 31 December 2001 (continued)

13 Notes to cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2001	2000
	£'000	£'000
Operating profit	837	688
Depreciation and amortisation	174	211
(Increase)/decrease in stock	(103)	40
Decrease in debtors	511	376
(Decrease)/increase in creditors	(1,004)	842
	415	2,157

(b) Analysis of changes in net debt

	At 1 January 2001 £'000	Cash flows £'000	At 31 December 2001 £'000
Cash at bank and in hand	349	71	420
Debt due within one year	(97)	49	(48)
	252	120	372

14 Called up share capital

	2001	2000
	£'000	£'000
Ordinary share of £1 each:		
Authorised	5,000	5,000
Called-up, allotted and fully paid	1,000	1,000

Ajax Electrical Limited

Notes to the financial statements for the year ended 31 December 2001 (continued)

15 Reserves

	Profit and loss account
	£'000
Balance at 1 January 2001	(124)
Retained profit for the year	620
Balance at 31 December 2001	496

16 Reconciliation of movements in shareholders' funds

	2001	2000
	£'000	£'000
Profit for the financial year	620	585
Dividends	-	(2,500)
Net increase/(reduction) in shareholders' funds	620	(1,915)
Opening shareholders' funds	876	2,791
Closing shareholders' funds	1,496	876

17 Pension commitments

The company is a participating member of Schneider Pension Plan. This scheme is of the defined benefit, final salary type and is open to the majority of the company's employees.

The scheme is funded to cover future pension liabilities (including expected future earnings and pension increases) in respect of service up to the balance sheet date. The assets of the scheme are held under trust and are managed by outside investment managers. It is subject to independent valuations at least every three years, on the basis of which the qualified actuary certifies the rates of the employer's contributions. These contributions, together with proceeds for the scheme's assets are sufficient to fund the benefits payable under the scheme.

The pension cost in respect of this scheme was £73,000 (2000: £77,000).

There is no material difference between the pension expenses incurred by the company over the year and the contributions actually paid.

In accordance with the transitional disclosures of FRS 17 'Retirement Benefits' as the company is unable to identify its share of the underlying assets and liabilities of the Schneider Pension Plan the company has accounted for its contributions to the scheme as if they were a defined contribution scheme. Further information in relation to the pension scheme is given in the accounts of Schneider Electric (UK) Limited.

Ajax Electrical Limited

Notes to the financial statements for the year ended 31 December 2001 (continued)

18 Capital commitments

Amounts authorised, but not contracted at 31 December 2001 amounted to £Nil (2000: £Nil).

19 Ultimate parent undertaking

The largest group in which the financial statements of the company are consolidated is that headed by the ultimate parent undertaking and ultimate controlling party, Schneider Electric SA, a company incorporated in France. Copies of the group financial statements of Schneider Electric SA can be obtained from:

Schneider Electric SA
43/45 Boulevard Franklin Roosevelt
F - 92500 RUEIL MALMAISON
France

The smallest group in which the financial statements of the company are consolidated is headed by Schneider Electric (UK) Limited, a company registered in England and Wales. Copies of the group financial statements of Schneider Electric (UK) Limited can be obtained from:

Schneider Electric (UK) Limited
1 Park Row
Leeds
LS1 5AB

20 Related party transactions

During the year the company was involved in the following related party transactions:

- Sales of £5,250,000 (2000: £6,574,000), recharges of £94,000 (2000: £136,000) and purchases of £2,871,000 (2000: £2,413,000) were made with parties that are part of the Schneider Electric SA group of companies, which owns 51% of the share capital of Ajax Electrical Limited. At the balance sheet date the amount due from these group undertakings is £1,103,000 (2000: £1,700,000) and amount owed is £959,000 (2000: £899,000).
- Sales of £1,423,000 (2000: £1,517,000) were made to Caradon MK Electric Limited, which owns 49% of the share capital of Ajax Electrical Limited. At the balance sheet date the amount due from Caradon MK Electric Limited is £457,000 (2000: £377,000).