

BTR International Limited

Report and Accounts

For the year ended 31 March 2002

Company number: 965046



BTR International Limited

DIRECTORS

J R W Clayton
A C Cochrane
B E Crowther
K A O'Donovan

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

BTR International Limited

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BTR International Limited

DIRECTORS' REPORT

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

RESULTS AND DIVIDENDS

The results for the financial year are summarised below:

| | 2002 | 2001 |
|-------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Profit before taxation | 52,264 | 87,725 |
| Taxation on profit | - | 2,323 |
| Profit for the financial year | <u>52,264</u> | <u>90,048</u> |

The directors do not recommend the payment of a final dividend (2001: £51,118,000).

DIRECTORS

The directors who served during the year were as follows:

J R W Clayton
A C Cochrane (appointed 1 May 2001)
B E Crowther
K A O'Donovan

DIRECTORS' INTERESTS

None of the directors had any beneficial interest in the shares of the Company. K A O'Donovan is a director of Invensys plc, the ultimate parent undertaking, and, as such, her beneficial interests in the ordinary shares of Invensys plc are disclosed in the accounts of that company.

BTR International Limited

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS (continued)

The interests of the directors 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 | | Shares | Share option schemes | |
| | | Executive | SAYE | | Executive | SAYE |
| J R W Clayton | 46 | 204,700 | 10,555 | 46 | 103,300 | 7,568 |
| A C Cochrane | - | 208,400 | 13,183 | - | 75,000 | 13,183 |
| B E Crowther | 18,644 | 632,832 | 7,568 | 18,644 | 445,268 | 7,568 |

Changes to options during the year or, if later, since the date of appointment, comprise the following:

| | Granted | Exercised | Lapsed |
|----------------------------------|---------|-----------|--------|
| As part of the Executive Scheme: | | | |
| J R W Clayton | 101,400 | - | - |
| A C Cochrane | 133,400 | - | - |
| B E Crowther | 200,000 | - | 12,436 |
| As part of the SAYE Scheme: | | | |
| J R W Clayton | 10,555 | - | 7,568 |

AUDITOR

Ernst & Young LLP will be re-appointed as the Company's auditor in accordance with the elective resolution passed under section 386 of the Companies Act 1985.

By Order of the Board.



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

Date: 8 November 2002

BTR International Limited

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.

BTR International Limited

REPORT OF THE AUDITORS TO THE MEMBERS OF BTR INTERNATIONAL LIMITED

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 16. 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.

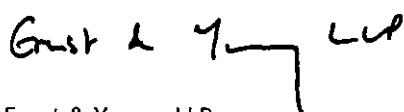
Basis of audit opinion

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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor
London

Date: 11 November 2002

BTR International Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

| | | Year ended 31 March 2002 £'000 | Year ended 31 March 2001 £'000 |
|--|-------|---|---|
| | Notes | | |
| Income from shares in group undertakings | | 47,229 | 96,912 |
| Net interest receivable and similar income/(payable and similar charges) | 5 | 5,035 | (9,166) |
| Amounts written off intercompany balances | | - | (21) |
| Profit on ordinary activities before taxation | 2 | 52,264 | 87,725 |
| Tax on profit on ordinary activities | 6 | - | 2,323 |
| Profit on ordinary activities after taxation | | 52,264 | 90,048 |
| Dividends | 7 | - | (51,118) |
| Retained profit for the financial year | | 52,264 | 38,930 |

The notes on pages 12 to 17 form part of these accounts.

BTR International Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2002

| | Year ended 31 March 2002 £'000 | Year ended 31 March 2001 £'000 |
|--|---|---|
| PROFIT FOR THE FINANCIAL YEAR | 52,264 | 90,048 |
| Currency translation differences on foreign currency net investment | 82,125 | (90,848) |
| Total recognised gains and losses for the financial year | <u>134,389</u> | <u>(800)</u> |

BTR International Limited

BALANCE SHEET AS AT 31 MARCH 2002

| | Notes | 31 March 2002 £'000 | 31 March 2001 £'000 |
|--|-------|---------------------------|---------------------------|
| FIXED ASSETS | | | |
| Investments | 8 | 2,028,764 | 1,940,438 |
| | | <u>2,028,764</u> | <u>1,940,438</u> |
| CURRENT ASSETS | | | |
| Debtors | 9 | 2,985,769 | 3,292,025 |
| CREDITORS: amounts falling due within one year | 10 | (242,317) | (294,636) |
| NET CURRENT ASSETS | | <u>2,743,452</u> | <u>2,997,389</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>4,772,216</u> | <u>4,937,827</u> |
| CREDITORS: amounts falling due after more than one year | 11 | (1,559,000) | (1,859,000) |
| | | <u>3,213,216</u> | <u>3,078,827</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 12 | 670 | 670 |
| Share premium account | 13 | 2,905,933 | 2,905,933 |
| Other reserves | 13 | (26,759) | (108,884) |
| Profit and loss account | 13 | 333,372 | 281,108 |
| EQUITY SHAREHOLDERS' FUNDS | | <u>3,213,216</u> | <u>3,078,827</u> |

These accounts were approved by the Board on 7 November 2002 and signed on its behalf by:



Director

The notes on pages 12 to 17 form part of these accounts.

BTR International Limited

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

| | Notes | 2002 £'000 | 2001 £'000 |
|--|-------|---------------|---------------|
| PROFIT FOR THE FINANCIAL YEAR | | 52,264 | 90,048 |
| Dividends | 7 | - | (51,118) |
| | | 52,264 | 38,930 |
| Other recognised gains and losses for the year | | 82,125 | (90,848) |
| | | 134,389 | (51,918) |
| Opening shareholders' funds | | 3,078,827 | 3,130,745 |
| Closing shareholders' funds | | 3,213,216 | 3,078,827 |

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.

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, except those differences taken directly to reserves under the provisions of SSAP 20.

Investments

In the opinion of the directors, the value of the Company's investment in its subsidiary is not less than the amount included in the Balance Sheet. Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. In respect of the calculation of the cost and provision of the investment, the underlying currency amount is valued at the closing rate at the balance sheet date and exchange movements are taken to reserves.

NOTES TO THE ACCOUNTS

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.

Impairment of fixed assets

Impairment reviews are undertaken if there are indications that the carrying value may not be recoverable.

2. 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.

3. DIRECTORS' REMUNERATION

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

4. EMPLOYEES

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

BTR International Limited

NOTES TO THE ACCOUNTS

5. NET INTEREST RECEIVABLE AND SIMILAR INCOME/(PAYABLE AND SIMILAR CHARGES)

| | 2002 £'000 | 2001 £'000 |
|--|---------------|---------------|
| Interest receivable/(payable) to group undertakings | 2,432 | (8,278) |
| | 2,432 | (8,278) |
| Foreign exchange gain/(loss) | 2,603 | (888) |
| Net interest receivable and similar income/(payable and similar charges) | 5,035 | (9,166) |

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

| | 2002 £'000 | 2001 £'000 |
|---|---------------|---------------|
| (i) Analysis of tax charge | | |
| United Kingdom corporation tax | | |
| Adjustment in respect of prior periods | - | 2,323 |
| Tax credit on profit on ordinary activities | - | 2,323 |

(ii) Factors affecting the tax charge

| | 2002 £'000 | 2001 £'000 |
|--|---------------|---------------|
| Profit on ordinary activities before tax | 52,264 | 87,725 |
| Tax charge on ordinary activities at 30.0 % | 15,679 | 26,318 |
| Losses surrendered to/(claimed) from other group companies | (1,510) | 2,750 |
| Adjustments in respect of prior years | - | 2,323 |
| Amounts written off intercompany balances | - | 6 |
| Non taxable dividend income | (14,169) | (29,074) |
| Total current tax | - | 2,323 |

(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.

7. DIVIDENDS

| | 2002 £'000 | 2001 £'000 |
|--|---------------|---------------|
| Final proposed dividend of £nil (2001: £76.30 per share) | - | 51,118 |

BTR International Limited

NOTES TO THE ACCOUNTS

8. INVESTMENTS

| | Subsidiary undertakings £'000 | Shares in associated undertakings £'000 | Total undertakings £'000 |
|-----------------------|-------------------------------------|--|--------------------------------|
| Cost | | | |
| At beginning of year | 2,328,689 | 4 | 2,328,693 |
| Exchange adjustment | 114,729 | - | 114,729 |
| At end of year | 2,443,418 | 4 | 2,443,422 |
| Provisions | | | |
| At beginning of year | 388,255 | - | 388,255 |
| Exchange adjustment | 26,403 | - | 26,403 |
| At end of year | 414,658 | - | 414,658 |
| Net book value | | | |
| At end of year | 2,028,760 | 4 | 2,028,764 |
| At beginning of year | 1,940,434 | 4 | 1,940,438 |

The Company has revalued the underlying currency amount of its investment in Invensys Australia Limited to the closing rate of exchange at the balance sheet date. This has resulted in the net book value of the investment being increased by £88,326,000. This gain on revaluation has been taken directly to exchange reserves where £6,201,000 has been offset against an exchange loss on borrowings taken out to hedge the exchange risk on the investment.

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

| Name of company | Country of Registration, Incorporation and Operation | Holding | Proportion held | Nature of Business |
|---|---|----------|--------------------|-----------------------|
| Subsidiary undertakings | | | | |
| Invensys Australia Limited | Australia | Ordinary | 100% | Holding company |
| Thomas Tilling International Limited | England & Wales | Ordinary | 100% | Holding company |
| Associate undertakings | | | | |
| Novatuft BV | Holland | Ordinary | 30% | Manufacturing |

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.

BTR International Limited

NOTES TO THE ACCOUNTS

8. INVESTMENTS (continued)

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.

9. DEBTORS:

| Amounts falling due within one year | 2002 £'000 | 2001 £'000 |
|---|------------------|------------------|
| Amounts owed by parent and fellow subsidiary undertakings | 2,985,769 | 2,918,622 |
| Amounts owed by subsidiary undertakings | - | 373,403 |
| | <u>2,985,769</u> | <u>3,292,025</u> |

10. CREDITORS: amounts falling due within one year

| | 2002 £'000 | 2001 £'000 |
|---|----------------|----------------|
| Amounts owed to parent and fellow subsidiary undertakings | 242,317 | 244,073 |
| Amounts owed to subsidiary undertakings | - | 50,563 |
| | <u>242,317</u> | <u>294,636</u> |

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2002 £'000 | 2001 £'000 |
|---|---------------|---------------|
| Amounts owed to parent and fellow subsidiary undertakings | 1,559,000 | 1,859,000 |

12. CALLED UP SHARE CAPITAL

| | Authorised | | Allotted, called-up And fully paid | |
|------------------------------------|---------------|---------------|---------------------------------------|---------------|
| | 2002 £'000 | 2001 £'000 | 2002 £'000 | 2001 £'000 |
| 700,000 ordinary shares of £1 each | 700 | 700 | - | - |
| 670,001 ordinary shares of £1 each | - | - | 670 | 670 |

13. RESERVES

| | Share premium account £'000 | Other reserves £'000 | Profit and loss account £'000 |
|---------------------------------|--------------------------------------|----------------------------|--|
| At beginning of year | 2,905,933 | (108,884) | 281,108 |
| Profit for the year | - | - | 52,264 |
| Exchange variation (see note 8) | - | 82,125 | - |
| | <u>2,905,933</u> | <u>(26,759)</u> | <u>333,372</u> |

BTR International Limited

NOTES TO THE ACCOUNTS

13. RESERVES (continued)

During the year, the Company had foreign currency borrowings, taken out to hedge against exchange risk on an investment in Invensys Australia Limited. These borrowings have been revalued to the closing rate of exchange at the balance sheet date resulting in a loss of £6,201,000. This loss has been offset by a gain of £88,326,000 incurred on the revaluation of the investment (see note 8) resulting in a net gain of £82,125,000 to be taken directly to exchange reserves.

14. 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.

15. IMMEDIATE PARENT UNDERTAKING

The immediate parent undertaking of BTR International Limited is BTR plc, a company registered in England and Wales.

16. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of BTR International Limited is Invensys plc, a company registered in England and Wales. The only group preparing consolidated group accounts which include BTR International Limited 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.