

Company Registration No. 1122 (England and Wales)

**BTR PROPERTY HOLDINGS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2006**

WEDNESDAY



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# **BTR PROPERTY HOLDINGS LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	D J Thomas V M Hull (Appointed 1 January 2006)
<b>Secretary</b>	Invensys Secretaries Limited
<b>Company number</b>	1122
<b>Registered office</b>	Portland House Bressenden Place London SW1E 5BF
<b>Auditors</b>	Ernst & Young LLP 1 More London Place London SE1 2AF

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# BTR PROPERTY HOLDINGS LIMITED

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# BTR PROPERTY HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2006

The directors present their report and financial statements for the year ended 31 March 2006.

#### Principal activities and review of the business

The principal activity of the Company continued to be that of a property lease holding company. The directors do not expect any change in the principal activity during the next financial year.

#### Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend (2005: £nil)

#### Directors

The following directors have held office since 1 April 2005:

D J Thomas	
T R Traherne-Williams	(Resigned 29 September 2006)
J R W Clayton	(Resigned 31 December 2005)
V M Hull	(Appointed 1 January 2006)

#### Directors' interests

None of the directors had any beneficial interest in the shares of the Company.

V M Hull and D J Thomas were directors of Invensys International Holdings Limited, an intermediate Group undertaking and, as such, their beneficial interests in the ordinary shares of Invensys plc are disclosed in the accounts of that company.

As at 31 March 2006 the interests of the other director in the share capital of Invensys plc are set out below:

#### Share options

	Option type	At 1 April 2005	Granted	Exercised/ released	Lapsed	At 31 March 2006
T R Traherne-Williams	Executive	48,255	-	-	-	48,255

Since 31 March 2006, as a consequence of the Rights Issue and Share Consolidation of Invensys plc on 15 June 2006 and 7 August 2006 respectively, the above options have subsequently, in accordance with the rules of the relevant scheme and approval by HM Revenue and Customs (where appropriate), been adjusted as follows: the number of shares comprised in each option were multiplied by 1.07058 and option exercise prices were multiplied by 0.93406 following the Rights Issue; and the number of shares comprised in each option were divided by 10 and option exercise prices were multiplied by 10 following the Share Consolidation. Details of the adjusted number of options and option exercise prices will be disclosed in the next report and accounts.

# **BTR PROPERTY HOLDINGS LIMITED**

## **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006**

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### **Auditors**

In accordance with section 386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually has been passed. Accordingly Ernst & Young LLP shall be deemed to be re-appointed as auditors 28 days after the accounts are sent to the members.

### **Directors' responsibilities in respect of the preparation of the financial statements**

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, comparable and understandable information; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 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. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

### **Statement of disclosure to auditor**

- (a) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By Order of the Board



Per pro Invensys Secretaries Limited

Secretary

Portland House

Bressenden Place

London

SW1E 5BF

30 November 2006

# **BTR PROPERTY HOLDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BTR PROPERTY HOLDINGS LIMITED**

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We have audited the Company's financial statements for the year ended 31 March 2006 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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.

### **Respective responsibilities of the directors and auditors**

As described in the Statement of Directors' Responsibilities on page 2 the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 or 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

# **BTR PROPERTY HOLDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF BTR PROPERTY HOLDINGS LIMITED**

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### **Opinion**

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2006 and of its loss for the year then ended ;
- the information given in the directors' report is consistent with the financial statements; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP.*

**Ernst & Young LLP**

**Registered Auditor**

1 More London Place

London

SE1 2AF

30 November 2006

# BTR PROPERTY HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2006 £'000	2005 £'000
<b>Turnover</b>		951	2,584
Administrative expenses		(305)	(1,156)
Other operating expenditure		(2,422)	(7,491)
Other operating income		177	34
Impairment	14	(8,507)	-
<b>Operating loss</b>	2	(10,106)	(6,029)
Other interest receivable and similar income		3	7
<b>Loss on ordinary activities before taxation</b>		(10,103)	(6,022)
Tax on loss on ordinary activities	4	-	-
<b>Loss for the year</b>	10	(10,103)	(6,022)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.



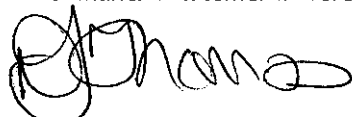
# BTR PROPERTY HOLDINGS LIMITED

## BALANCE SHEET AS AT 31 MARCH 2006

		2006		2005	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	5		1,364		907
<b>Current assets</b>					
Debtors	6	463		1,561	
Cash at bank and in hand		378		371	
		841		1,932	
<b>Creditors: amounts falling due within one year</b>	7	(23,348)		(23,017)	
<b>Net current liabilities</b>			(22,507)		(21,085)
<b>Total assets less current liabilities</b>			(21,143)		(20,178)
<b>Provisions for liabilities</b>	8		(13,904)		(4,766)
			(35,047)		(24,944)
<b>Capital and reserves</b>					
Called up share capital	9		500		500
Profit and loss account	10		(35,547)		(25,444)
<b>Shareholders' deficit</b>	11		(35,047)		(24,944)

The notes on pages 7 - 13 form part of the financial statements.

The financial statements were approved by the Board on 30 November 2006 and signed on its behalf by:



D J Thomas  
Director

# **BTR PROPERTY HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards. The policies are consistent with the previous year.

Under Financial Reporting Standard No. 1: Cash Flow Statements (Revised 1996), the Company is exempt from the requirement to produce 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.

#### **1.2 Turnover**

Turnover is all attributable to the same class of business that of a property holding company. Turnover, which is stated net of value added tax, represents amounts invoiced of rents and services in the United Kingdom.

#### **1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are depreciated to their residual values on a straight-line basis over their estimated useful lives at the following rates applied to original cost or subsequent valuation:

Freehold land	Nil
Freehold and long leasehold buildings	2% or remaining useful life if less than 50 years
Short leasehold buildings	Remaining lease period

#### **1.4 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

# BTR PROPERTY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 1 Accounting policies

(continued)

#### 1.5 Deferred 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 tax, in the future, with the following exceptions:

- Provision is made for tax on gains arising from fair value adjustments 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 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. Deferred tax balances are not discounted.

#### 1.6 Going concern

The terms of intercompany financing have been set so that no intercompany liability may be demanded unless the relevant creditor, including the Company, has sufficient funds to meet that liability. Accordingly, the Company does not have to meet all such liabilities as they fall due.

The directors believe that it is therefore appropriate to prepare the accounts on a going concern basis.

### 2 Operating loss

	2006 £'000	2005 £'000
Operating loss is stated after charging:		
Depreciation of tangible assets	36	36
Operating lease rentals	1,494	3,273
Release of provision for lease shortfalls	(50)	(48)
Utilisation of provision for lease shortfalls	(435)	-
Surrender of property leases	49	2,171

The auditors' remuneration is borne by the Company's ultimate parent undertaking.

# BTR PROPERTY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

<b>3</b>	<b>Interest receivable and similiar income</b>	<b>2006</b>	<b>2005</b>
		<b>£'000</b>	<b>£'000</b>
	Other interest receivable	3	7
		<u>3</u>	<u>7</u>
<b>4</b>	<b>Taxation</b>		
	<b>(i) Analysis of tax charge</b>	<b>2006</b>	<b>2005</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Current tax charge</b>	-	-
		<u>-</u>	<u>-</u>
	<b>(ii) Factors affecting the tax charge for the year</b>		
	Loss on ordinary activities before taxation	(10,103)	(6,022)
		<u>(10,103)</u>	<u>(6,022)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005: 30.00%)	(3,031)	(1,807)
	Effects of:		
	Origination and reversal of timing differences	(3)	(133)
	Losses surrendered to other group companies without charge	331	5
	Other permanent differences	2,703	1,935
		<u>2,703</u>	<u>1,935</u>
	<b>Current tax charge</b>	-	-
		<u>-</u>	<u>-</u>
	<b>(iii) Deferred tax not provided</b>	<b>2006</b>	<b>2005</b>
		<b>£'000</b>	<b>£'000</b>
	Accelerated capital allowances	(70)	(67)
	Short term timing differences	-	-
	Losses	2,173	2,173
		<u>2,103</u>	<u>2,106</u>

No deferred tax assets have been recognised as there is not considered to be suitable taxable profits, against which it is more likely than not, that the underlying timing differences can be deducted.

### (iv) 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.

# BTR PROPERTY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 5 Tangible fixed assets

	Freehold land and buildings £'000
<b>Cost</b>	
At 1 April 2005	1,448
Additions	493
At 31 March 2006	1,941
<b>Depreciation</b>	
At 1 April 2005	541
Charge for the year	36
At 31 March 2006	577
<b>Net book value</b>	
At 31 March 2006	1,364
At 31 March 2005	907

The net book value of land and buildings at 31 March comprises:

	£'000
<b>2005</b>	
Freehold	709
Long Leasehold	198
	907
<b>2006</b>	
Freehold	693
Long Leasehold	671
	1,364

# BTR PROPERTY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

6 Debtors	2006 £'000	2005 £'000
Trade debtors	128	133
Amounts owed by parent and fellow subsidiary undertakings	53	1,016
Other debtors	37	173
Prepayments and accrued income	245	239
	<u>463</u>	<u>1,561</u>

7 Creditors: amounts falling due within one year	2006 £'000	2005 £'000
Amounts owed to parent and fellow subsidiary undertakings	22,218	22,534
Other creditors	1,130	340
Accruals and deferred income	-	143
	<u>23,348</u>	<u>23,017</u>

8 Provisions for liabilities and charges	Total £'000
Balance at 1 April 2005	4,766
Provided in year	9,623
Released in year	(50)
Utilised in year	(435)
Balance at 31 March 2006	<u>13,904</u>

A provision is recognised for onerous lease rentals in respect of certain sub-let and vacant properties. It is expected costs will be incurred evenly over the remaining life of the various operating leases

9 Share capital	2006 £'000	2005 £'000
<b>Authorised</b>		
1,250,000 ordinary shares of £1 each	<u>1,250</u>	<u>1,250</u>
<b>Allotted, called up and fully paid</b>		
500,000 ordinary shares of £1 each	<u>500</u>	<u>500</u>

# BTR PROPERTY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 10 Statement of movements on profit and loss account

	Profit and loss account £'000
Balance at 1 April 2005	(25,444)
Loss for the year	(10,103)
	<hr/>
Balance at 31 March 2006	(35,547)
	<hr/>

### 11 Reconciliation of movements in shareholders' deficit

	2006 £'000	2005 £'000
Loss for the financial year	(10,103)	(6,022)
Opening shareholders' deficit	(24,944)	(18,922)
	<hr/>	<hr/>
Closing shareholders' deficit	(35,047)	(24,944)
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### 12 Financial commitments

At 31 March 2006 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2006 £'000	2005 £'000
Expiry date:		
Between two and five years	80	-
In over five years	2,580	1,511
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	2,660	1,511
	<hr/>	<hr/>

### 13 Employees

#### Number of employees

No persons were employed by the Company during the year (2005: nil).

# **BTR PROPERTY HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006**

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### **14 Impairment**

The Invensys Group completed the sale of APV Baker Limited. on 31 March 2006. On that date the lease for the main Peterborough property and tangible fixed assets valued at £493k, were transferred to the Company (consideration £nil).The Company has provided £9,000k at that date for future leasehold obligations in connection with this property.

### **15 Control**

The immediate parent Company is BTR Industries Limited, a company registered in England and Wales, and the ultimate parent Company is Invensys plc, a company registered in England and Wales.

The only group preparing consolidated group financial statements which include the Company is Invensys plc. Copies of the financial statements of Invensys plc can be obtained from the Company Secretarial Department, Invensys plc, Portland House, Bressenden Place, London SW1E 5BF.

### **16 Related party transactions**

As the Company is a wholly owned subsidiary undertaking of Invensys plc, a company registered in England and Wales, which publishes 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.