

BTR Property Holdings Limited

Report and Accounts

For the year ended 31 March 2003

Company number: 1122



BTR Property Holdings Limited

DIRECTORS

J R W Clayton
A L Fenton
D J Thomas
T R Traherne-Williams

SECRETARY

Invensys Secretaries Limited

AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

REGISTERED OFFICE

Invensys House
Carlisle Place
London
SW1P 1BX

BTR Property Holdings Limited

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BTR Property Holdings Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 2003.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company's principal activity during the year continued to be that of a property 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 financial year are summarised below:

	2003 £'000	2002 £'000
Turnover	4,228	4,438
Loss before taxation	(8,358)	(5,017)
Taxation on loss	197	605
Loss for the financial year	(8,161)	(4,412)

The directors do not recommend the payment of a dividend (2002: £nil).

DIRECTORS

The directors who served during the year were as follows:

J R W Clayton
A C Cochrane (resigned 31 January 2003)
A L Fenton
P A Hodgson (resigned 9 May 2002)
T R Traherne-Williams

In addition, DJ Thomas was appointed as a director on 1 April 2003.

DIRECTORS' INTERESTS

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

BTR Property Holdings Limited

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS (continued)

The interests of the directors in the ordinary shares of Invensys plc at 31 March 2003 were:

	At 31 March 2003			At 1 April 2002 (or, if later, at date of appointment)		
	Shares	Share option schemes		Shares	Share option schemes	
		Executive	SAYE		Executive	SAYE
J R W Clayton	50,046	315,900	31,213	46	204,700	10,555
A L Fenton	43,305	156,700	35,905	8,661	107,700	9,576
T R Traherne-Williams	-	46,500	46,460	4,000	25,700	10,555


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	111,200	-	-
A L Fenton	49,000	-	-
T R Traherne-Williams	20,800	-	-
As part of the SAYE Scheme:			
J R W Clayton	20,658	-	-
A L Fenton	35,905	-	9,576
T R Traherne-Williams	35,905	-	-

AUDITOR

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 members.

By Order of the Board.


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

Date: 21 January 2004

BTR Property Holdings 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 Property Holdings Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BTR PROPERTY HOLDINGS LIMITED

We have audited the Company's accounts for the year ended 31 March 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 21. These accounts 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 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.

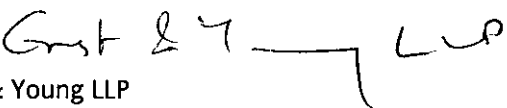
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error.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

BTR Property Holdings Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BTR PROPERTY HOLDINGS LIMITED (continued)

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 March 2003 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 January 2004

BTR Property Holdings Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

		Year ended 31 March 2003 £'000	Year ended 31 March 2002 £'000
	Notes		
Turnover	2	4,228	4,438
Administrative expenses		(615)	(595)
Other operating expenditure		(12,155)	(8,242)
Operating loss	3	(8,542)	(4,399)
Profit/(loss) on disposal of fixed assets		176	(663)
Loss on ordinary activities before interest and taxation		(8,366)	(5,062)
Net interest receivable and similar income	8	8	45
Loss on ordinary activities before taxation		(8,358)	(5,017)
Tax on loss on ordinary activities	9	197	605
Retained loss for the financial year		(8,161)	(4,412)

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

The notes on pages 13 to 21 form part of these accounts.

BTR Property Holdings Limited

BALANCE SHEET AT 31 MARCH 2003

	Notes	31 March 2003 £'000	31 March 2002 £'000
FIXED ASSETS			
Tangible assets	10	979	2,149
		<u>979</u>	<u>2,149</u>
CURRENT ASSETS			
Debtors	11	334,212	333,109
Cash and short-term deposits		2,777	23,409
		<u>336,989</u>	<u>356,518</u>
CREDITORS: amounts falling due within one year	12	(343,486)	(359,603)
NET CURRENT LIABILITIES		<u>(6,497)</u>	<u>(3,085)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(5,518)	(936)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(8,707)	(5,128)
		<u>(14,225)</u>	<u>(6,064)</u>
CAPITAL AND RESERVES			
Called up share capital	15	500	500
Profit and loss account	16	(14,725)	(6,564)
EQUITY SHAREHOLDERS' DEFICIT		<u>(14,225)</u>	<u>(6,064)</u>

These accounts were approved by the Board on *21 January* 2004 and signed on its behalf by:


Director

The notes on pages 13 to 21 form part of these accounts.

BTR Property Holdings Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2003

	2003 £'000	2002 £'000
LOSS FOR THE FINANCIAL YEAR	(8,161)	(4,412)
Total recognised gains and losses for the financial year	(8,161)	(4,412)
Prior year adjustment – FRS 19	-	(802)
Total recognised gains/losses since last Report and Accounts	(8,161)	(5,214)

BTR Property Holdings Limited

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 MARCH 2003

	2003 £'000	2002 £'000
LOSS FOR THE FINANCIAL YEAR	(8,161)	(4,412)
Opening shareholders' deficit	(6,064)	(850)
Prior Year Adjustment –FRS19	-	(802)
Opening shareholders' deficit (restated)	<u>(6,064)</u>	<u>(1,652)</u>
Closing shareholders' deficit	<u>(14,225)</u>	<u>(6,064)</u>

BTR Property Holdings Limited

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 17

In November 2000 the Accounting Standards Board issued Financial Reporting Standard No 17: Retirement Benefits (FRS 17). The full implementation of the requirements of FRS 17 has been deferred by the ASB. The Company intends to fully adopt FRS17 effective from 1 April 2003.

Disclosures in accordance with the transitional provisions of FRS 17 can be found in Note 6 to the accounts together with further information on pension disclosures.

Pension costs

The expected costs of providing pensions are charged to the profit and loss accounts so as to spread the costs over the service lives of the participating employees. The costs are assessed in accordance with the advice of qualified actuaries, and provision is made in the accounts along with the associated deferred taxation effect.

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.

Turnover

Turnover represents the invoiced value of goods and services supplied by the Company, to third parties, excluding value added tax. Turnover relating to long-term contracts represents the value of work performed during the year.

Depreciation of tangible fixed assets

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
Plant and machinery	20%

BTR Property Holdings Limited

NOTES TO THE ACCOUNTS (continued)

1. ACCOUNTING POLICIES (continued)

Impairment of fixed assets

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

Leased assets

Rentals under operating lease are charged to profit and loss account on a straight-line basis.

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. 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.

3. OPERATING LOSS

Operating loss is stated after charging:

	2003 £'000	2002 £'000
Auditors' remuneration - audit fees	38	37
Depreciation of owned fixed assets	44	79
Operating lease rentals - other	6,105	4,424
Release in provision for lease shortfalls	(2,808)	(3,174)
Increase in provision for lease shortfalls	7,362	4,605

BTR Property Holdings Limited

NOTES TO THE ACCOUNTS (continued)

4. DIRECTORS' REMUNERATION

	2003 £'000	2002 £'000
Emoluments	-	-
	<hr/>	<hr/>
	2003 No.	2002 No.
Members of defined benefit pension scheme	3	3
	<hr/>	<hr/>

5. EMPLOYEES

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

	2003 No	2002 No
Finance and administration	4	4
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2003 £'000	2002 £'000
Wages and salaries	288	231
Social security costs	33	42
	<hr/>	<hr/>
	321	273
	<hr/>	<hr/>

6. PENSIONS

The Company has continued to account for pensions and post-retirement benefits in accordance with Statement of Standard Accounting Practice No 24:Pension Costs (SSAP 24). The disclosures given in note (i) below are those required by this standard.

Financial reporting standard No.17: Retirement Benefits (FRS17) was issued in November 2000 and will ultimately replace SSAP 24. The Company intends to adopt FRS 17 effective from 1 April 2003. The transitional disclosures required by FRS 17 are set out in note (ii) below.

(i) Pensions

From 6 April 2001 the UK employees of BTR Property Holdings Limited are eligible for membership of the Invensys Pension Scheme, which arose from the merger of the BTR Group Pension Scheme and the Siebe Pension Scheme at that date. The Invensys Pension Scheme, and its predecessors, are funded defined benefit schemes. Contributions are made in accordance with the recommendations of independent actuaries based on pension costs across the eligible group.

BTR Property Holdings Limited

NOTES TO THE ACCOUNTS (continued)

7. PENSIONS (continued)

(i) Pensions (continued)

The last valuations of the schemes were carried out as at 5 April 2000 by independent actuaries using the projected unit method. The actuarial deficit identified is being spread over the average remaining service lives of the current employees. The triennial actuarial review of the main UK pension scheme, with a valuation date of 5 April 2003, commenced in May 2003 but the report has not yet been received.

Further details of the valuation are included in the accounts of Invensys plc, the ultimate parent undertaking of BTR Property Holdings Limited.

(ii) FRS 17 – Invensys Pension Scheme

The Invensys Pension Scheme is a funded defined benefit scheme. However, the Company is unable to separately identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and will account for the Scheme as a defined contribution scheme in accordance with the provisions of FRS 17.

The valuation of the Invensys Pension Scheme as at 31 March 2003 under the requirements of FRS 17 showed a deficit before deferred tax of £439 million with assets of £3,262 million and liabilities of £3,701 million.

The full transitional disclosures required under FRS 17 relating to the Invensys Pension Scheme are included in the accounts of Invensys plc, the ultimate parent undertaking of BTR Property Holdings Limited.

8. NET INTEREST RECEIVABLE AND SIMILAR INCOME

	2003 £'000	2002 £'000
Interest receivable on bank balances	8	45

9. TAXATION ON LOSS ON ORDINARY ACTIVITIES

(i) Analysis of tax charge

	2003 £'000	2002 £'000
Deferred tax		
Origination and reversal of timing differences	197	605
Tax credit on loss on ordinary activities	197	605

BTR Property Holdings Limited

NOTES TO THE ACCOUNTS (continued)

9. TAXATION ON LOSS ON ORDINARY ACTIVITIES (continued)

(ii) Factors affecting the tax charge

	2003 £'000	2002 £'000
Loss on ordinary activities before tax	(8,358)	(5,017)
Tax credit on ordinary activities at 30.0 %	(2,507)	(1,505)
Deferred tax provided	79	605
Losses surrendered to other group companies without charge	2,428	701
Loss on disposal of fixed assets	-	199
Total current tax	-	-

(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.

10. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost or valuation			
At beginning of year	3,072	26	3,098
Disposals	(1,624)	-	(1,624)
At end of year	1,448	26	1,474
Depreciation			
At beginning of year	924	25	949
Disposals	(498)	-	(498)
Charge for the year	43	1	44
At end of year	469	26	495
Net book value			
At end of year	979	-	979
At beginning of year	2,148	1	2,149

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

	2003 £'000	2002 £'000
Freehold	740	1,832
Long leasehold	239	260
Short leasehold	-	56
	979	2,148

BTR Property Holdings Limited

NOTES TO THE ACCOUNTS (continued)

11. DEBTORS: amounts falling due within one year

	2003 £'000	2002 £'000
Trade debtors	733	2,600
Amounts owed by parent and fellow subsidiary undertakings	331,879	329,687
Other debtors	352	244
Prepayments and accrued income	1,248	578
	<u>334,212</u>	<u>333,109</u>

12. CREDITORS: amounts falling due within one year

	2003 £'000	2002 £'000
Amounts owed to parent and fellow subsidiary undertakings	341,268	356,549
Other creditors	1,328	2,172
Accruals and deferred income	890	882
	<u>343,486</u>	<u>359,603</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £'000	Other £'000	Total £'000
At beginning of year	197	4,931	5,128
Provided in year	-	7,362	7,362
Released in year	(197)	(2,808)	(3,005)
Utilised in year	-	(778)	(778)
At end of year	<u>-</u>	<u>8,707</u>	<u>8,707</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.

BTR Property Holdings Limited

NOTES TO THE ACCOUNTS (continued)

14. DEFERRED TAXATION

The movement for the year in the net deferred tax provision is as follows:

	2003 £'000	2002 £'000
At beginning of year	197	802
Released in year	(197)	-
Utilised in year	-	(605)
At end of year	-	197

The net deferred tax provision is included within:

Provisions for liabilities and charges (note 12)	-	197
	-	197

Deferred tax assets and liabilities are analysed as follows:

	2003 £'000	2002 £'000
Accelerated capital allowances	-	197
	-	197

A deferred tax asset of £17,000 (2002:£nil) has not been recognised in accordance with the accounting policies set out in Note 1.

15. CALLED UP SHARE CAPITAL

	Authorised		Allotted, called-up and fully paid	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
1,250,000 ordinary shares of £1 each	1,250	1,250	-	-
500,000 ordinary shares of £1 each	-	-	500	500

16. RESERVES

	Profit and loss account £'000
At beginning of year	(6,564)
Loss for the year	(8,161)
	(14,725)

BTR Property Holdings Limited

NOTES TO THE ACCOUNTS (continued)

17. OTHER FINANCIAL COMMITMENTS

Operating leases

At 31 March 2003 the Company had commitments under operating leases to make payments in the year to 31 March 2004 under agreements expiring as below:

	As at 31 March 2003	As at 31 March 2002
	Land and buildings £'000	Land and buildings £'000
Within one year	704	778
Within two to five years	1,836	1,524
In over five years	2,041	2,170
	<u>4,581</u>	<u>4,472</u>

18. CONTINGENT LIABILITIES

The Company has cross guarantee arrangements guaranteeing the bank overdrafts of certain other Invensys companies.

In accordance with provisions contained in the Value Added Tax Act 1983, the company has entered into a joint and several guarantee for Group Registrations.

The Company has contingent liabilities arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

19. 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.

20. IMMEDIATE PARENT UNDERTAKING

The immediate parent undertaking of BTR Property Holdings Limited is BTR Industries Limited, a company registered in England and Wales.

BTR Property Holdings Limited

NOTES TO THE ACCOUNTS (continued)

21. ULTIMATE PARENT UNDERTAKING

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