

Tyco European Steel Strip Limited
Annual report
for the year ended 23 September 2002

Registered Number 533160



A18 *APGR6881* 0245
COMPANIES HOUSE 04/02/04

Tyco European Steel Strip Limited
Annual report
for the year ended 23 September 2002

Contents

Directors and Advisors for the year ended 23 September 2002.....	1
Directors' report for the year ended 23 September 2002.....	2
Independent auditors' report to the members of Tyco European Steel Strip Limited	4
Profit and loss account for the year ended 23 September 2002	5
Balance sheet as at 23 September 2002	6
Notes to the financial statements for the year ended 23 September 2002.....	7

Tyco European Steel Strip Limited

Directors and Advisors for the year ended 23 September 2002

Directors

D C Nicholas
R Grigg
P C D Meyer
A Durn

Secretary

G C M Latham

Auditors

PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Bankers

HSBC Plc
New Street Branch
PO Box 68
130 New Street
Birmingham
B2 4JM

Registered Office

Tyco Valves Limited
Victoria Road
Leeds
LS11 5UG

Registered Number

533160

Tyco European Steel Strip Limited

Directors' report for the year ended 23 September 2002

The directors present their report and the audited financial statements of the company for the year ended 23 September 2002.

Principal activities, review of the business and future developments

During the year, the principal activity of the company was the manufacture and distribution of specialised steel strip. The directors consider the company's performance to be satisfactory. The company will continue to trade in its established products and markets.

Results and dividends

The company's profit for the year ended 23 September 2002 was £1,287,000 (2001 restated: £3,022,000). No dividends have been paid or proposed (2001: £Nil). The 2001 comparatives have been restated following the adoption of FRS 19, 'Deferred tax'.

Directors and their interests

The directors who held office during the year are given below:

D C Nicholas
R Grigg
P C D Meyer
A Durn

The company's ultimate parent undertaking is incorporated outside the United Kingdom. As permitted by statutory instrument, the register of directors' shareholdings maintained in accordance with Section 325 of the Companies Act 1985, does not include the interests of directors in the shares of the parent undertaking.

No director has a beneficial interest in the shares of the company or other subsidiaries of the ultimate parent company and no contracts exist, other than service agreements with the company or other subsidiaries of the ultimate parent company in which the directors have an interest.

Donations

During the year the company made donations of £166 (2001: £205) for charitable purposes in the UK.

Employees

The company has continued its policy of employee involvement by making information available to employees through briefing sessions, announcements and bulletins. Training remains a key part of the company's human resource programme.

It is the company's policy to give employment opportunities to disabled persons wherever possible and to afford such employees equal opportunities for training, career development and promotion.

Tyco European Steel Strip Limited

Directors' report for the year ended 23 September 2002 (continued)

Policy and practice on payment of creditors

Individual operating units within the company are responsible for establishing appropriate policies with regard to the payment of their suppliers. The units agree terms and conditions under which business transactions with suppliers are conducted. It is company policy that, provided a supplier is complying with the relevant terms and conditions, including the prompt and complete submission of all specified documentation, payment will be made in accordance with agreed terms. It is company policy to ensure that suppliers know the terms on which payment will take place when business is agreed.

The company's average trade creditor payment year at 23 September 2002 was 63 days (2001: 105 days).

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 year. 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.

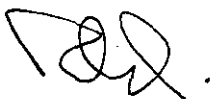
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 23 September 2002 and that applicable accounting standards have 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

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned and the directors appointed its successor, PricewaterhouseCoopers LLP as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

By order of the Board



R Grigg
Director
17 December 2003

Tyco European Steel Strip Limited

Independent auditors' report to the members of Tyco European Steel Strip Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

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. This report, including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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.

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 23 September 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
17 December 2003

Tyco European Steel Strip Limited

Profit and loss account for the year ended 23 September 2002

	Notes	2002 £'000	As restated 2001 £'000
Turnover		32,122	36,571
Net operating costs	3	(30,915)	(34,417)
Operating profit		1,207	2,154
Interest receivable		12	51
Profit on ordinary activities before taxation	4	1,219	2,205
Tax on profit on ordinary activities	7	68	817
Retained profit for the financial year		1,287	3,022

The results noted above all relate to activities from continuing operations.

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

Statement of recognised gains and losses for the year ended 23 September 2002

	2002 £'000	As restated 2001 £'000
Profit for the financial year	1,287	3,022
Total recognised gains and losses for the year	1,287	3,022
Prior year adjustment	(452)	-
Total gains and losses recognised since last annual report	835	3,022

Tyco European Steel Strip Limited

Balance sheet as at 23 September 2002

	Notes	2002 £'000	As restated 2001 £'000
Fixed assets			
Tangible assets	8	7,346	7,583
Investments	9	617	617
		7,963	8,200
Current assets			
Stocks	10	6,266	6,518
Debtors	11	7,680	7,320
Cash at bank and in hand		17,615	17,189
		31,561	31,027
Creditors: amounts falling due within one year	12	(5,262)	(6,068)
Net current assets		26,299	24,959
Total assets less current liabilities		34,262	33,159
Creditors: amounts falling due after more than one year	13	(39,925)	(40,058)
Provisions for liabilities and charges	14	(401)	(452)
Net liabilities		(6,064)	(7,351)
Capital and reserves			
Called up share capital	15	10	10
Profit and loss account	16	(6,074)	(7,361)
Equity shareholders' deficit	17	(6,064)	(7,351)

The financial statements on pages 5 to 15 were approved by the board of directors on 17 December 2003 and were signed on its behalf by:



R Grigg
Director

Tyco European Steel Strip Limited

Notes to the financial statements for the year ended 23 September 2002

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies is set out below.

Change in accounting policy

The company has adopted FRS 19 'Deferred tax' in these financial statements. The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly. The effect of the change was to reduce tax on profit on ordinary activities by £51,000 (2001: £817,000) and to increase profit for the financial year by £51,000 (2001 £817,000). The adjustments to opening reserves are shown in note 16.

Consolidated financial statements

The company is exempt from preparing group financial statements by virtue of Section 228 of the Companies Act 1985, which states that group financial statements do not have to be prepared for a company which is a wholly owned subsidiary of another body corporate incorporated in Great Britain.

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Tyco International Ltd and is included in the consolidated financial statements of Tyco International Ltd, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Tyco International Ltd group or investees of the Tyco International Ltd group.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All gains and losses arising are charged directly to the profit and loss account.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight line basis at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings	50 years
Plant, machinery and equipment	4 – 10 years
Fixtures, fittings tools equipment and motor vehicles	4 – 10 years
Freehold land is not depreciated	

Investments

Fixed asset investments are stated at the lower of cost and net realisable value.

Leases

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

Tyco European Steel Strip Limited

Notes to the financial statements for the year ended 23 September 2002 (continued)

1 Accounting policies (continued)

Stocks

Manufactured and bought in finished goods for sale, are stated at cost or, if lower, at net realisable value. Cost includes all appropriate production overheads and provision is made for obsolete and slow moving items.

Turnover

Turnover represents the invoiced amount of goods sold and services provided (stated net of value added tax). All turnover originates in the United Kingdom. Turnover is recognised on despatch of goods.

Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise, based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in different periods from those in which they are included in the financial statements.

Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

On adoption of FRS 19 the company has changed its accounting policy in respect of deferred taxation and restated prior year results accordingly (see note 16).

Pensions

Employees are eligible to join the Tyco UK Group Pension Scheme which is a defined contribution scheme. The company contributes to the scheme in accordance with rates agreed by the Trust Deed and contributions are charged to the profit and loss account as incurred. Employees' benefits remain accrued in the Glynwed International Pension Scheme, a defined benefit scheme operated by the former parent. Company contributions are made into this scheme and are based upon independent actuarial advice. Any such contributions are charged to the profit and loss account to meet the cost of pensions over the employees' remaining working lives with the company. Further details concerning the company's pension arrangements can be found in note 19.

Research and development

Research and development expenditure is written off in the year it is incurred.

2 Segmental analysis

All turnover originates in the United Kingdom

	2002 £'000	2001 £'000
Turnover by geographical market		
United Kingdom	12,731	14,373
Europe (excluding United Kingdom)	9,549	10,649
North Americas	7,478	9,580
Rest of World	2,364	1,969
	32,122	36,571

Tyco European Steel Strip Limited

Notes to the financial statements for the year ended 23 September 2002 (continued)

3 Net operating costs

	2002 £'000	2001 £'000
Change in stocks of finished goods, consignment stock and work in progress	6	(1,160)
Raw materials and consumables	13,429	15,939
Other external charges	1,726	2,114
Staff costs (see note 5)	10,046	11,417
Depreciation and other amounts written off tangible fixed assets	542	582
Other operating charges	5,172	5,539
Other operating income	(6)	(14)
	30,915	34,417

4 Profit on ordinary activities before taxation

	2002 £'000	2001 £'000
Profit on ordinary activities before taxation is stated after charging/crediting:		
Operating lease rentals:		
Hire of plant, equipment and vehicles	70	90
Land and buildings	163	136
Auditors remuneration	49	44
(Profit)/loss on disposal of fixed assets	(1)	94

5 Employee information

The average weekly number of persons (including executive directors) employed during the year was:

	2002 Number	2001 Number
By function		
Production	403	443
Selling	17	19
Admin	26	29
	446	491

Tyco European Steel Strip Limited

Notes to the financial statements for the year ended 23 September 2002 (continued)

5 Employee information (continued)

	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	8,729	9,950
Social security costs	778	910
Other pension costs (note 19)	539	557
	10,046	11,417

6 Directors' remuneration

No director received remuneration for services to the company during the year.

7 Taxation on profit on ordinary activities

	2002 £'000	As restated 2001 £'000
Current tax		
Adjustments in respect of prior periods	(17)	-
Total current tax	(17)	-
Deferred tax		
Origination and reversal of timing differences	82	81
Adjustments in respect of previous periods	(133)	(898)
Total deferred tax	(51)	(817)
Tax on profit on ordinary activities	(68)	(817)

The tax assessed is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £'000	As restated 2001 £'000
Profit on ordinary activities before tax	1,219	2,205
Profit on ordinary activities multiplied by the standard rate in the UK 30% (2001: 30%)	366	662
Expenses not deductible for tax	23	50
Group relief (claimed)/surrendered not paid	(307)	(631)
Accelerated capital allowances	(82)	(81)
Adjustments in respect of prior periods	(17)	-
Current tax credit for the year	(17)	-

Tyco European Steel Strip Limited

Notes to the financial statements for the year ended 23 September 2002 (continued)

8 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures, fittings, tools equipment and motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 October 2001	4,048	3,921	318	8,287
Additions	-	117	190	307
Disposals	-	-	(31)	(31)
At 23 September 2002	4,048	4,038	477	8,563
Depreciation				
At 1 October 2001	140	470	94	704
Charge for year	54	428	60	542
Disposals	-	-	(29)	(29)
At 23 September 2002	194	898	125	1,217
Net book value				
At 23 September 2002	3,854	3,140	352	7,346
At 30 September 2001	3,908	3,451	224	7,583

9 Investments

	£'000
Shares in group undertakings	
At 1 October 2001 and 23 September 2002	617

Subsidiary undertaking is set out below:

Name	% Holding	Country of registration	Activity
OCYT 2	100	United Kingdom	Dormant

Tyco European Steel Strip Limited

Notes to the financial statements for the year ended 23 September 2002 (continued)

10 Stocks

	2002 £'000	2001 £'000
Raw materials	2,179	2,425
Work in progress	3,044	3,113
Finished goods and goods for resale	1,043	980
	6,266	6,518

11 Debtors

	2002 £'000	2001 £'000
Trade debtors	6,299	5,903
Amounts owed by group undertakings	1,139	829
Other debtors	101	29
Prepayments and accrued income	141	174
Corporation tax recoverable	-	385
	7,680	7,320

12 Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Trade creditors	3,857	4,487
Amounts owed to group undertakings	111	122
Other taxation and social security	133	155
Other creditors	936	246
Accruals and deferred income	225	1,058
	5,262	6,068

13 Creditors: amounts falling due after more than one year

	2002 £'000	2001 £'000
Amounts owed to group undertakings	39,925	40,058

All long term loans have no specified repayment terms, except that they are not repayable in less than one year, and do not bear interest.

Tyco European Steel Strip Limited

Notes to the financial statements for the year ended 23 September 2002 (continued)

14 Deferred taxation

	£'000
At 1 October 2001 as previously reported	-
Adjustment to opening reserve at 1 October 2000	1,269
Adjustment to profit and loss for the year ended 30 September 2001	(817)
At 1 October 2001 as restated	452
Credited to the profit and loss account	(51)
At 23 September 2002	401

	2002 £'000	As restated 2001 £'000
Accelerated capital allowances	401	452

15 Called up share capital

	2002 £	2001 £
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	10,000	10,000

16 Profit and loss account

	£'000
At 1 October 2001 as previously reported	(6,909)
Prior year adjustment (see note 14)	(452)
At 1 October 2001 as restated	(7,361)
Profit for the financial year	1,287
At 23 September 2002	(6,074)

Tyco European Steel Strip Limited

Notes to the financial statements for the year ended 23 September 2002 (continued)

17 Reconciliation of movements in shareholders' funds

	2002 £'000	As restated 2001 £'000
Opening deficit of shareholders' funds as previously reported	(6,899)	(9,104)
Prior year adjustment	(452)	(1,269)
Opening deficit of shareholders' funds as restated	(7,351)	(10,373)
Profit for the financial year	1,287	3,022
Closing deficit of shareholders' funds	(6,064)	(7,351)

18 Financial commitments

At 23 September 2002, the company had annual commitments under non-cancellable operating leases as set out below:

	2002		2001	
	Plant and machinery £'000	Property £'000	Plant and machinery £'000	Property £'000
Operating leases which expire:				
Within one year	13	-	38	-
Between two to five years, inclusive	75	-	31	-
After more than five years	-	-	24	144
	88	-	93	144

Capital commitments contracted for but not provided for in the financial statements at the year end amounted to £42,076 (2001: £nil).

19 Pensions

Following the change of ownership of the company in 1999 some employees were entitled to continue their membership of the Glynwed International Group defined benefit pension scheme ("the Glynwed scheme") which provides members with pensions on retirement, based on final pensionable salary and taking into account years of service. The assets of the scheme are managed by independent investment managers and are held separately from those of the group.

From 1 October 1999, employees became entitled to join the Tyco UK Group Pension Scheme ("the Tyco scheme"), which is a defined contribution scheme. The assets of the scheme are managed by independent investment managers and are held separately from those of the group. There will be no further contributions into the Glynwed scheme.

Tyco European Steel Strip Limited

Notes to the financial statements for the year ended 23 September 2002 (continued)

19 Pensions (continued)

Employees who have elected to join the Tyco scheme have retained their accrued benefits in the Glynwed scheme. The company is unable to identify its share of the underlying assets in the Glynwed scheme and therefore is accounted for as a multi-employee scheme as defined by Financial Reporting Standard 17 "Retirement Benefits". Full particulars of the scheme, including funding levels and actuarial assumptions, are disclosed in the financial statements of the immediate parent undertaking, Tyco Flow Control (UK) Limited.

The pension charge for the year was £539,379 (2001: £557,000).

20 Parent undertaking and controlling party

The company is a wholly owned subsidiary undertaking of Tyco Flow Control (UK) Limited, a company registered in England and Wales, which is the smallest group of undertakings for which group financial statements are prepared. Copies of these group financial statements can be obtained from the Registrar of Companies, Crown Way, Cardiff, CF4 3UZ.

The ultimate parent company and controlling party is Tyco International Ltd, a company incorporated in Bermuda. Copies of the group financial statements may be obtained from the Company Secretary, Tyco International Ltd, The Gibbons Building, 10 Queen Street, Hamilton HM11, Bermuda.

21 Financial support

The directors of Tyco Group S.A.R.L., the immediate parent undertaking of Tyco Flow Control (UK) Limited, the company's parent, have confirmed that they will continue to provide ongoing financial support for the company to meet its obligations as they fall due for the foreseeable future.