

Trustee's Annual Report
and Financial Statements

Scheme Registration Number: I0143856

Invensys Pension Scheme 2004

THE INVENSYS PENSION SCHEME (“the Scheme”)

The Scheme is a defined benefit occupational pension scheme which was established by a trust deed on 31 March 1988, consolidating the main BTR, Dunlop and Tilling Schemes then in operation. At that time the Scheme was named the BTR Group Pension Scheme. On 6 April 2000, the Scheme merged with the Siebe Pension Scheme and was renamed as the Invensys Pension Scheme.

The sponsoring employer of the Scheme is Invensys plc (“the Company”) whose address is Invensys House, Carlisle Place, London SW1P 1BX.

Trustee Arrangements

Every pension scheme of this nature has trustees or a company whose directors act as trustees. The Trustee of the Scheme is Invensys Pension Trustee Limited and the Secretary is Invensys Secretaries Limited.

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The pension world is undergoing major change. The Trustee's aim is to keep you abreast of the developments and how they affect your Scheme. As such, we have expanded this report to aid your understanding of your Scheme. We have summarised the last five years of the Scheme's development and provided background on the Trustee Directors on pages 2-5. On page 6 you will find the Trustee's Report for the financial year. The fund accounts can be found on pages 16-17.

In the year to 31 March 2004 the value of the assets in the fund had increased by 7% to £3,474m, primarily due to a recovery in equity markets. The return on those investments over the year was 13.1%, representing a reasonable performance against a 12.4% gain in benchmark indices.

But the key to successful pension schemes is not just the asset situation – it is also the evolution of liabilities. Just as the value of assets fluctuates with market movements, so does the value placed on the schemes liabilities used to assess the funding level of the scheme. The funding level is important as it indicates how secure the scheme promises are and how likely it is that all pensions will be met in full. The Invensys Scheme Actuary reviews this position regularly for the Trustee. During 2003-04 the funding level is estimated to have improved from 89% funded to 93% funded.

In October 2003 we agreed a series of contributions from the Company to fill the remaining shortfall and allow the Scheme to meet its liabilities over time. They included:

- Company Scheme contributions to be restarted at a rate of 20% of pensionable earnings – resulting in approximately £19m per year.
- Special Company contributions of £15m each half year for the next two-and-a-half years – a total of £75m.
- A lump sum to be paid from Invensys' disposal programme, amounting to 15% of any proceeds above an initial £1bn. Invensys indicated that it was likely to be in the region of £120m.

However, in February 2004, Invensys announced a major refinancing and ended its disposal programme. At that point it had not reached the trigger level of £1bn, which meant that there was no lump sum payment available for the Scheme.

The Company has made it clear that it will continue to make the regular and special contributions that it began in October 2003. It has also said that it will work with the Trustee to establish what further funds may be required to safeguard members' benefits. As a result of these ongoing discussions, the actuary cannot currently certify that the funding plan will meet all its liabilities.

These challenges are common to the pension world. Your Trustee continues to work with the Company and the members to ensure the long-term success of your fund.

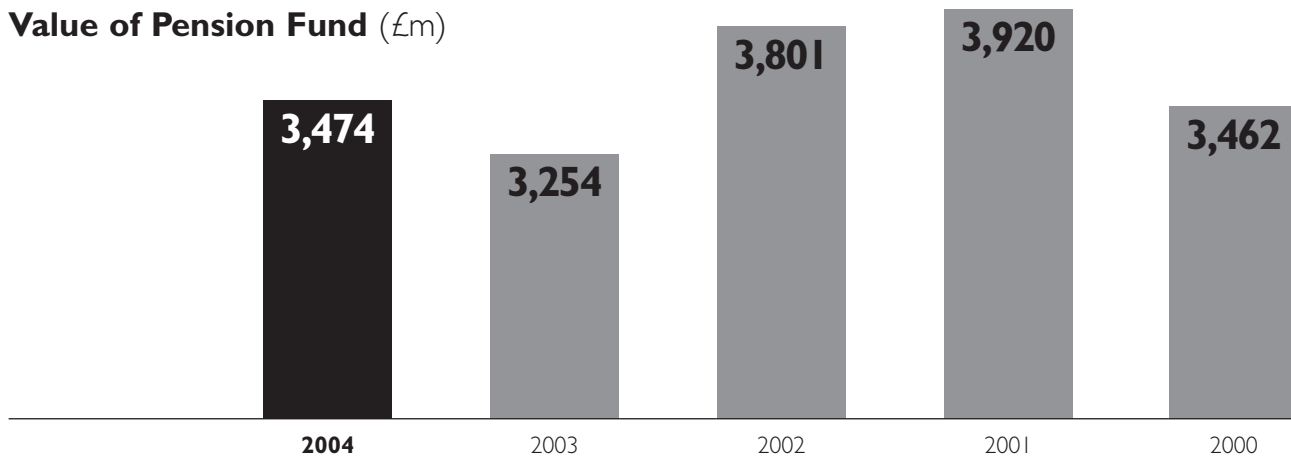


KATHLEEN O'DONOVAN
CHAIRMAN OF THE TRUSTEE
OF THE INVENSYS PENSION SCHEME



In summary

Value of Pension Fund (£m)



Scheme funding levels

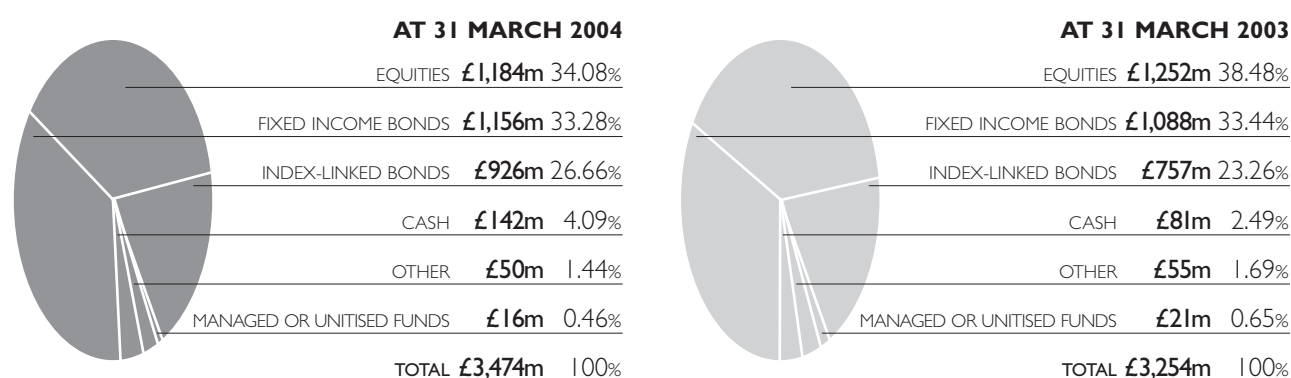
	2004 (estimate)	2003	2000	1997
Ongoing basis	93%	89%	115%	108%
MFR	100+%	100+%	123%	128%

Investment return (%)

	2004	2003	2002	2001	2000
Actual return	13.1	(9.2)	0.0	(0.9)	8.6
Benchmark return	12.4	(9.0)	(0.5)	(4.0)	8.6

Benchmark return based on a series of performance indices against which investment return is measured.

Analysis of investments



Pension bonuses awarded



The above bonuses were awarded to members in addition to their normal annual pension increases.

Number of members	2004	2003	2002	2001	2000
Actives	4,263	4,988	7,788	8,428	8,107
Deferred	47,983	48,607	48,533	48,951	40,137
Pensioners	59,020	59,549	59,669	60,081	37,418
Total	111,266	113,144	115,990	117,460	85,662

Note: All figures relate to the year ended 5 April, except for 2003 and 2004 which relate to year ended 31 March.
The BTR Group Pension Scheme merged with the Siebe Pension Scheme on 6 April 2000 and formed the Invensys Pension Scheme on 6 April 2000.

Trustee board

In accordance with the Articles of Association of the Trustee Company, the board consists of a maximum of eleven directors. Five, including the Chairman, are appointed by the Company, four directors are nominated by the Invensys United Kingdom Pensions Consultative Committee ("UKPCC") and two directors, Scheme pensioners, are appointed by the other directors. The appointing or nominating authority may also remove them from office. The Trustee may be removed by Invensys plc.

The board members at 9 September 2004 were:

Appointed by Invensys plc

K A O'Donovan, *Chairman*, age 47,
(appointed 19 February 2003 as Chairman,
as a Director 30 June 1991)

A G Gajadharsingh age 38, Managing Director, IMServ
(appointed 21 May 2003)

R M Hitchenry age 55, SVP Human Resources & Group
Services Invensys plc
(appointed 30 November 2000)

G C J Campion age 45, VP Finance Invensys Rail Systems
(appointed 30 June 2003)

P Tompkins age 57, Business Group President, Eurotherm Ltd
(appointed 21 May 2003)

Nominated by UKPCC

V A G Legg age 61, auto setter, Invensys Climate Controls
(appointed 16 May 2002)

C P Parker age 57, HR Manager, Invensys Climate Controls
Europe
(appointed 14 September 2000)

R G Walker age 57, engineer, Westinghouse Rail Systems Ltd
(appointed 28 November 2002)

W L Weighill age 59, Rewards & Benefits Manager, APV Baker
(appointed 14 September 2000)

Pensioner directors

I R Fyfe age 68, formerly General Manager, BTR Pensions
(appointed 22 May 1996)

M J Barker age 61, Chairman of Westinghouse section of
Railways Pension Scheme and pensioner representative on
UKPCC (appointed 4 February 2004)

Other directors who served during the Scheme year were:
C I West (appointed 22 May 1996; resigned 1 January 2004)

The Trustee Board wishes to place on record its thanks to
Cyril West for his services to the Scheme.



Kathleen O'Donovan (1)

A member of the Trustee board since 1991 and was appointed Chairman in February 2003. As Chief Financial Officer of BTR and Invensys between 1991 and 2003 she has been deeply involved in the Scheme for many years. Previously a partner with Ernst and Young, Kathleen now holds a number of plc non-executive directorships and is a member of the Court of the Bank of England.

Anthony Gajadharsingh (2)

Qualified in Business and Finance and a member of the Institute of Chartered Secretaries and Administrators (ACIS). With experience in the execution of large corporate transactions and the required management of lawyers and financial advisers, he led the sale of UKDCS to Invensys plc on behalf of its shareholders. He progressed rapidly from Commercial Director to become Operational Managing Director, delivering financial targets and successfully integrating a newly acquired metering business into the Invensys fold. Since 1 September 2002 he is Managing Director, IMServ Global and President IMServ North America.

Regina Hitchery (3)

Regina was appointed SVP Human Resources, Invensys plc in 1999. Regina also acts as a fiduciary of the Company's US pension plan and serves on the Investment Committees of both the US and Canadian plans. She has an MS in management in addition to BA and MA degrees. Regina has over 30 years' global HR experience with extensive involvement in pension plan design, administration and investment.

Geoff Campion (4)

Geoff has worked for Invensys since 1988 and is currently employed as Vice-President Finance for the Invensys Rail Business Group (Invensys Rail Systems) having previously been Finance Director at Westinghouse Rail Systems Ltd since 1992. He is a CIMA Chartered Management Accountant. Geoff was appointed to the Trustee Board in June 2003 and subsequently joined the Investment Committee in February 2004.

Peter Tompkins (5)

Peter is President of the Eurotherm Business Group. He has been with Invensys Eurotherm since 1973. He was appointed President of the Business Group in the year 2000. Prior to these global roles, Peter spent 11 years managing business units in mainland Europe. He has also held UK positions in research and development management, project management, manufacturing management, sales management and general management. He is a Chartered Engineer and is a member of the Institution of Electrical Engineers and the Institution of Measurement and Control Engineers.

Vic Legg (6)

Vic is employed at Invensys Controls UK as an Auto Setter. In 1962, after completing an apprenticeship at R.N. Dockyard, Devonport, he joined Ranco and has been an employee with the company for 30 years. He was previously a Trustee Member with Ranco Lifeplan and Seibe. He has also received trustee training from MHA Pensions and The National Association of Pension Funds.

Caroline Parker (7)

Caroline, HR Manager with Invensys Climate Controls at Slough. She was previously a Trustee Director on the Siebe Board prior to the merger with BTR. During this time she has attended training courses run by the National Association of Pension Funds and courses on Pension Investment Strategy. She is currently a member of the Governance Committee of the Board. Caroline has an MA in Social Anthropology and is a Graduate Member of the Institute of Personnel and Development.

Russell Walker (8)

Russell has been an engineer with Westinghouse Rail Systems since 1973 and has worked in various engineering roles throughout the company. He has been a member of the Westben pension scheme, later part of the BTR and subsequently the Invensys schemes, throughout that time. In 1995 he was nominated to be a Member of the South West regional PCC and the national UKPCC in 1999. In 2002 he was nominated by the UKPCC as a Member Trustee to the Scheme. He has attended various pensions investment and financial training courses over this period.

Bill Weighill (9)

Bill is employed as a Rewards & Benefits Manager with APV Baker. He is also a member of the Scheme's Investment Committee. Previously a Trustee Director for both the Siebe and the APV Schemes, and a trustee of a former employer's scheme, his involvement as a pension scheme trustee exceeds 18 years. He has an MBA and an MA in Law and Employment Relations. He is a Fellow of the Chartered Institute

of Management Accountants and is a Graduate Member of the Institute of Personnel and Development. He also has attended many pension courses, and holds the Trustee Certificate Of Essential Pensions Knowledge from The Pensions Management Institute.

Ian Fyfe (10)

Ian is a Chartered Accountant and a Chartered Management Accountant. He spent 21 years in various financial and management roles in the Angus and Dunlop Groups. He then switched to pensions and managed the Dunlop Group Pension Scheme from 1982 until its merger with other BTR schemes in 1988. He then became General Manager of the BTR Group Pension Scheme until his retirement in 1996. Since his retirement, he has served as a director of the Trustee Company. He is a member of the Scheme's Investment Committee.

Martin Barker (11)

Martin retired from Westinghouse Brake and Signal Holdings after 35 years' service. His involvement in pensions commenced in 1972 when he became Pensions Manager with responsibility for the Westinghouse Pension Scheme. He became a trustee in 1973 and remained in control of the Westinghouse Pension Scheme until it was merged with the BTR Scheme in 1993. He has also been involved over a number of years in various Group Consultative Committees, and chairing a number of them. He is an Associate of The Pensions Management Institute. He is a member of the Governance Committee.

Trustee's Report

The Trustee, as a major part of its role, is responsible for the payment of benefits, safeguarding the assets of the Scheme and monitoring whether they are sufficient to meet its liabilities as they fall due. In the process of carrying out these responsibilities, it ensures that proper accounting records and controls are maintained by Invensys Pensions, in accordance with Trust Law, and takes such steps as are reasonably open to it to prevent and detect fraud and other irregularities.

The Trustee is also responsible for the preparation of audited financial statements showing a true and fair view of the financial transactions of the Scheme during the Scheme year, and of the amount and disposition at the end of the year of the assets and liabilities, other than liabilities to pay future pensions and benefits after the end of the Scheme year.

The Financial Statements contain information specified in the Schedule to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996. The Trustee has met its responsibilities in ensuring that contributions are made to the Scheme in accordance with Scheme Rules and, where appropriate, recommendations of the Scheme Actuary. During the year under review, the Trustee board met seven times.

Voting arrangements

All decisions of the Trustee during the year under review arose from a consensus of opinion. However, under the Articles of Association of the Trustee, decisions may be taken by majority vote.

Investment managers and custodians at 31 March 2004

	Custodian
Deutsche Asset Management Limited	HSBC Bank plc
Merrill Lynch Investment Managers Limited	HSBC Bank plc
Merrill Lynch Investment Managers Limited (Absolute Return Fund)	Fortis Fund Services (Curaçao) NV
Putnam Investments Limited	HSBC Bank plc
Schroder Investment Management (UK) Limited	HSBC Bank plc
UBS Asset Management Limited	HSBC Bank plc

Advisers

A list of independent professional advisers who have acted for the Trustee during the year can be found on page 24.

Administration

The administration of the Scheme is conducted by the Trustee under the name of Invensys Pensions.

The administration offices are at:

Higham House
New Bridge Street West
Newcastle upon Tyne NE99 1TG

Phone: 0191 206 1035

Fax: 0191 206 1011

e-mail: enquiries@invensyspensions.co.uk

Members who require further information about the Scheme or their own pension position should write to Invensys Pensions at the above address.

Senior staff at Invensys Pensions

Mr N B Casson was appointed on 1 January 2004 as General Manager, taking over from Mr I R Fyfe who had occupied the position on a temporary basis since the retirement of Mr T C Barber in May 2003.

Mr M D Leggett is Pensions Manager.

The year in brief

On 31 March 2004 the value of the Fund was £3,474m (2003: £3,254m). In addition, £17.6m (2003: £32m) was paid to the Trustees of schemes established by purchasers of former Invensys plc businesses to provide benefits for former employees. The investment return on the assets was 13.1% (2003: (9.2)%) against a benchmark of Scheme-specific performance indices which measured 12.4% (2003: (9.0)%). Further details are provided within the Investment Report on pages 9 to 10.

Consultation and nomination of directors

Invensys plc has, for many years, maintained a highly successful communication process whereby it consults with active Scheme members on a number of pension issues. Each participating employer in the Scheme (with a few exceptions) has allocated to it one or more Members' Representatives who join with Company and Pensioner Representatives to form the UKPCC which meets at regular intervals. At each meeting Scheme managers update members on current Scheme issues including funding and investment performance.

A very important role of the UKPCC is to nominate four of its Members' Representatives to become directors of the Trustee. This arrangement for meeting the "member-nominated trustee" legislation continues until 31 January 2007. The Trustee retains power under the Pensions Act 1995 to seek re-endorsement of this arrangement by the membership at any time if it feels that subsequent events have rendered it no longer appropriate.

United Kingdom Pensions Consultative Committee

The UKPCC at 9 September 2004 was:

Steve Jones	<i>Chairman</i>	Head of Executive Programmes (Invensys plc)
Colin Bate		Invensys Climate Controls Europe
Mike Belt		APV Systems Ltd
Steve Chapman		Westinghouse Rail Systems Ltd
Richard Everitt		Westinghouse Rail Systems Ltd
Keith Ireland		APV Systems Ltd
Andrew Judge		APV Systems Ltd
Lynda Manning		IMServ Europe Ltd
Douglas O'Keeffe		Invensys Controls UK Ltd
Vic Legg		Invensys Controls UK Ltd
Caroline Parker		Invensys Climate Controls Europe
Terry Pickford		APV Baker
James Rae		Eurotherm Ltd
Mike Read		Invensys plc
Fred Saunders		IMServ Europe Ltd
Paul Simpson		IMServ Europe Ltd
Colin Townsend		Invensys Systems (UK) Ltd
Russell Walker		Westinghouse Rail Systems Ltd
Bill Weighill		APV Baker
David Wright		Eurotherm Ltd
Richard Drury		Company Representative
Stuart Fair		Company Representative
Lorraine Hosking		Company Representative
Nick Tripp		Company Representative
Peter Wyld		Company Representative
Martin Barker		Pensioner Representative

The funding position

The funding position of the Scheme, the balance between assets and liabilities, is assessed every three years by the Scheme Actuary, who is independent. Having considered the results of these 31 March 2003 calculations the Trustee and the Company have agreed a funding plan they consider appropriate for the Scheme. Under this funding plan, the Scheme valuation as at 31 March 2003 showed a deficit of £415m – equivalent to 11% of long term liabilities. This compares to the valuation as at 5 April 2000 which showed a surplus of 15% reduced to 8% after provision for improvements to members' benefits and continuation of the temporary suspension of Company contributions. The change over three years was mainly due to the fall in equity values but also to the adoption of stronger mortality assumptions. These effects were partially offset by the use of a discount rate to value liabilities which was slightly greater than that adopted for the last valuation, reflecting the funding plan agreed with the Company that includes the expectation that the Scheme's assets should provide higher returns than before. The Scheme Actuary reviews the estimated funding position of the Scheme on a monthly basis. These reviews have shown an improvement in market values which is estimated to move the deficit to 7%. The latest assessment of the fund shows that it is not in deficit under the Minimum Funding Requirement legislation.

In light of the valuation results and reflecting the recent improvement, Invensys plc agreed to restart normal contributions to the fund starting in October 2003 in addition to continuing the special £2.5m pa contributions in each of 2004 and 2005 relating to agreed redundancy augmentations. In order to reduce the Scheme's funding deficit, Invensys plc has also indicated its intention that five special contributions of £15m each would be made to the Scheme at half-year intervals from October 2003. To date all contributions have been received in line with the agreement. It was also agreed there would be an additional lump sum of up to £150m based on the proceeds of the sale of UK businesses. In February 2004 Invensys plc announced a major refinancing, and as a consequence Invensys announced it was ending its disposal programme, meaning there would be no lump sum contributions from this source. As a result discussions between the Trustee and the Company regarding funding levels are continuing and the Company has said it will work with the Trustee to establish what further funds are required to safeguard members' benefits.

The Scheme Actuary confirmed that contributions described above (including the special contributions following business sales), in conjunction with an appropriate investment strategy, should have enabled the funding plan deficit to be removed in the long term. Due to the cessation of the disposal programme and the consequent funding shortfall the Scheme Actuary is involved in the ongoing discussions between the Company and the Trustee about revised contribution levels.

In June 2003, Invensys plc executed a Deed of Amendment to the Trust Deed, the main purpose of which was to subject the investment range of the Trustee to certain limitations. The principal limitation was to ensure that equities must form at least 30% of total assets.

The terms of the Deed of Amendment are to be reviewed in the future.

The Scheme Actuary's statement is reproduced on page 14 of this report.

Pension increases

Under the Scheme's Rules, pensions in payment (except for the Guaranteed Minimum Pension (GMP) portion (if any)) are increased annually for members who joined the Scheme before 6 April 2000 by the percentage change in the Retail Prices Index (RPI) over a twelve month period chosen by the Trustee (currently December to December) with a minimum (in the main) of 3% and a maximum of 5%. This guaranteed increase has been augmented by discretionary bonuses since 1988 (subject to Scheme and Inland Revenue limits).

Trustee's Report *continued*

These bonuses have been:

1988	10%
1990	5-22% depending on retirement date (average 16%)
1992	5%
1995	4-50% depending on retirement date (average 8%)
1998	4%
2001	3%

Over the period since 1988, guaranteed and discretionary increases awarded together have comfortably exceeded inflation and the position of longer-retired pensioners has been additionally enhanced.

GMPs are increased in accordance with Pension Increase Orders by HM Government which are based on Retail Prices Index movements between September and September. These increases apply solely to pensioners who have reached State Retirement Age.

Against the background of a percentage change in the Retail Prices Index of 2.9% in the year to 31 December 2002, pensions in payment in excess of GMPs were increased by 3.0% on 31 March 2003 or 1 April 2003 for members who joined before 6 April 2000 and by 2.9% for any members who joined thereafter (whose increase is RPI to a maximum of 5% per annum). GMPs in payment and related to the period 6 April 1988 to 5 April 1997 were increased by 1.7% on the same dates with this increase allocated entirely to the Scheme.

“Myners Principles”

The Trustee has examined the recommended principles which were published in a report issued in 2001 by the Myners Review and subsequently endorsed by Government. These relate to the ability of trustees to deal with investment issues and optimum methods for doing this. The Invensys Trustee is satisfied that its methods accord substantially with the aims of the Myners Review.

Membership details

	31 March 2004	31 March 2003
Contributing members	4,263	4,988
Deferred pensioners and members in course of transfer	47,983	48,607
Pensioners, widows, widowers and dependants	59,020	59,549
	111,266	113,144

“Members in course of transfer” represents former contributing members who, following the sale of a business, were awaiting transfer to another pension scheme.

Disputes and complaints

Invensys Pensions operates an Internal Dispute Resolution Procedure drawn up in accordance with the provisions of the Pensions Act 1995. During the course of the Scheme year under review, no formal complaints were received by Invensys Pensions on behalf of the Trustee. Individuals who believe that they may have a complaint or dispute should write in the first instance for details of the procedure to Invensys Pensions, whose address is given on page 24.

Information for Trustee directors

Directors of the Trustee have been provided with relevant information to help them carry out their duties. Additionally, during the Scheme year a number of Directors attended external training courses dealing with occupational pension scheme law and practice.

Financial development of the Scheme

The financial statements included in this Report have been prepared and audited in accordance with regulations made under sections 41(1) and (6) of the Pensions Act 1995.

Bulk transfers-out

As a result of sales of businesses by Invensys plc, there are potential future bulk transfers amounting in aggregate to approximately £77m. The value of these transfers of assets are calculated on a cash equivalent basis, and represent a similar reduction of future liabilities of the Scheme.

Individual transfers-out of deferred benefits

After receiving professional advice, the Trustee suspended, in February 2003, quotations of the transfer value of deferred benefits. These were resumed in August 2003 following publication of new Regulations and a review of the basis of calculations.

Equitable Life

The Trustee has contracts with Equitable Life Assurance for the provision of Additional Voluntary Contributions (AVCs) and members' transfers-in from other pension schemes. Members with Equitable Life accounts have been advised of developments since August 2000 by Invensys Pensions and they have been able to exercise a right to transfer their current balance with the Equitable to another AVC/transfer-in account nominated by the Trustee and administered by Invensys Pensions. No new contributions are being paid into Equitable Life accounts.

For and on behalf of Invensys Pension Trustee Limited

Signed:



Chairman

Date: 9 September 2004

Investment Report

Economic background and market review

Equity markets staged a comeback in the year to March 2004, delivering positive returns after three consecutive years of decline. Conventional gilt yields rose in the year, whilst index-linked yields actually fell, a reflection of the expected rise in RPI from the current low levels.

Investment policy

In October 1997, the Trustee started a series of significant investments in more conservative investment vehicles (typically Government or Company Bonds). This process has continued throughout the last 7 years. The most recent switch was in October 2003 when a further £350m of equities were sold and the proceeds invested in UK Government Bonds. This brought the equity content of the Fund to a level slightly over 30% - the minimum equity level specified in a Deed of Amendment introduced by Invensys plc in June 2003. Discussions between the Trustee and Invensys plc continue with regard to investment strategy and the structure of the Scheme's asset portfolio.

The maximum value of individual investments permitted by the Trustee remains unchanged from the previous year and no equity or corporate bond is more than 5% of the fund or 5% of issued securities.

The Trustee's investment policy towards investment in Invensys plc is unchanged in that fund managers who invest in UK equities are allowed total discretion subject to the limits outlined above. At 31 March 2004 the Fund's holding of Invensys plc shares amounted to less than 0.1% both of the Fund and of the issued capital of Invensys plc, which complies with the restrictions set out in section 40 of the Pensions Act 1995.

Statement of Investment Principles

The Trustee has prepared, on the basis of advice given by the Scheme Actuary and Investment Adviser and having consulted the Company, a Statement of Investment Principles as required by Section 35 of the Pensions Act 1995. Scheme members who require a copy should contact Invensys Pensions whose address is given on page 24 of this Annual Report.

The Statement was updated in February 2004, and continues to be reviewed regularly in line with changes in the Trustee's investment policy.

Largest investments

The ten largest holdings of individual equities in the Fund at 31 March 2004 were:

	£m	% of Fund
BP	41.4	1.2
Vodafone Group	41.1	1.2
GlaxoSmithKline	32.0	0.9
HSBC Holdings	29.1	0.8
Royal Bank of Scotland	26.6	0.8
Shell Transport & Trading	22.6	0.7
Citigroup	21.8	0.6
AstraZeneca	21.7	0.6
Barclays	18.7	0.5
Diageo	16.4	0.5

An analysis of investments is shown in the Notes to the Scheme's Financial Statements on pages 18 to 23. The aggregate amounts of sales and purchases of investments during the year are also shown in those notes.

In a year when equities recovered some of the losses of previous years, it was good to see the Scheme's returns being above the benchmark set for managers based on the appropriate stock market indices.

The annual aggregate performance of the UK equity managers was 36.4% compared to the index of 31.0%. We set a target for the managers to outperform the index by 2% pa over rolling three year periods.

The global manager performance was mixed with only one manager achieving target of 3% pa and overall a performance of 25.1% compared to the index of 24.3%.

The bond portfolios are generally held to pay pensions rather than outperform an index, but a small outperformance has been achieved on the Government Bonds; however Corporate Bonds performance was below benchmark.

The overall result is that the fund gained 13.1% compared to a benchmark of 12.4% in the year. Since 1 January 2002 the return has been 1.9% compared to a 1.6% benchmark.

Significant portfolio changes

A transition of £350m from equities to bonds, was effected by closing the Goldman Sachs portfolio and reducing the Deutsche and Schroders portfolios in October 2003.

Since the end of the Scheme year, in September 2004, the Putman and Deutsche equity portfolios were transitioned to BGI to manage within their Aquila funds on a passive basis.

Investment Report *continued***Fund management and performance**

The investments are managed, under the guidance of the Trustee, by independent investment managers. The market values held by each as at 31 March 2004 are shown in the table following:

Manager	Fund Managers' holdings at 31 March 2004		Investment return % 12 months to 31 March 2004	
	% of Total	£m	Actual %	Benchmark %
Global Equity Funds				
UBS Global Asset Management	8	291	26.7	24.3
Putnam Investments	8	275	23.3	24.3
Global Equity Funds	16	566	25.1	24.3
UK Equity Funds				
UBS Global Asset Management	7	223	45.5	31.0
Schroder Investment Management	4	146	31.7	31.0
Deutsche Asset Management	5	159	28.1	31.0
UK Equity Funds	16	528	36.4	31.0
Others				
Schroder Investment Management (Government Bonds)	50	1,698	4.6	4.2
Merrill Lynch Investment Managers (Corporate Bonds)	15	516	5.7	6.0
Merrill Lynch Investment Managers (Absolute Return Fund)	3	111	7.5	3.6
Illiquid Fund/Others	—	7	n/a	n/a
Grand Total	100	3,426	13.1	12.4

The mandates agreed with the fund managers (save for the two bond mandates) set outperformance targets over rolling three year periods as follows:

Global Equities	MSCI World Index plus 3% per annum
UK Equities	FTSE All-Share Total Return Index plus 2% per annum
Absolute Return Fund	Cash plus 4% per annum

Custodial arrangements

The Trustee has entered into a custody agreement with HSBC Bank plc covering all assets held by the fund managers save for those with the Merrill Lynch Absolute Return Fund whose assets are held by Fortis Fund Services (Curaçao) NV and the Cash Pool Fund which is held by Schroders.

Corporate Governance statements

The world of pensions is going through massive change. New legislation is being introduced and there is a growing recognition of the importance of pension funds. That implies a healthy focus on how pension funds operate and how they are governed.

The last 12 years have seen a real attempt to improve the way that public companies are governed. You may, for example, have heard of the Cadbury Report or other reviews of the governance structure of UK companies. The governance of pension funds has not been quite so much in the limelight but, in recent years, there have also been a number of government-backed reports that require trustees to carefully review the way in which their pension fund is governed.

The board has recently agreed the following objective to meet its corporate governance responsibilities:

"The Trustee is committed to ensuring the Scheme's objectives are met by managing risk effectively, using controlled structures with effective decision making processes, and adopting pensions industry best practice wherever this is appropriate for the Scheme."

In order to meet this objective and ensure that the Invensys Pension Scheme operates at the highest levels of control and efficiency the board has recently set up a governance committee to manage and report on the governance of the Scheme.

Initially it will review the following areas:

- i **Compliance** Trustee Directors and administrators have to act in accordance with the rules and regulations of the pension Scheme.
- ii **Role and responsibilities** All involved in the operations of the fund must have a clearly identified and understood role.
- iii **Knowledge and understanding** Trustee Directors should have the right balance of knowledge and skills.
- iv **Decision-making process** Trustee Directors must have clear processes to follow so that they can properly discharge their responsibilities.
- v **Use of advisers/delegates** Their roles and responsibilities need to be identified and understood.
- vi **Management of risk** The risk environment must be regularly reviewed, major issues highlighted and then managed correctly.
- vii **Assessment of performance** The performance of advisers/delegates and the Trustee must be properly assessed and acted upon.
- viii **Conflicts of interest** Any conflicts that arise need to be identified, discussed and managed appropriately.
- ix **Fund administration** Processes must be adequately documented and regularly reviewed.
- x **Communication** Member communication and feedback should be measured and refined accordingly.

Compliance statement

Tax status

The Scheme is fully approved by the Board of Inland Revenue as an exempt approved scheme and the Trustee knows of no reason why such approval should be prejudiced or withdrawn.

Changes to Scheme Rules

There were no changes to Scheme Rules during the Scheme year.

Pension increases

Pension increases in the year under review were paid in accordance with the Scheme Rules. The majority of members who joined the Scheme before (after) 6 April 2000 were paid increases of 3.0% (2.9%) on the excess over Guaranteed Minimum Pension for members; these were non-discretionary increases. GMPs in payment and related to the period 6 April 1988 to 5 April 1997 were increased by 1.7%.

The minority of members whose increases were not as described above received increases in accordance with their Scheme entitlements.

Transfer values

The Scheme complied with the requirements of legislation relating to the calculation and payment of transfer values.

The Trustee's practice is to permit transfers in respect of deferred pensioners who, because they left before 1986, do not have a statutory right to such payments.

In calculating transfer values allowance is made for all pension entitlements including guaranteed increases but not for possible discretionary benefits (for example discretionary pension increases).

Scheme advisers

Two additional advisers have been appointed during the year: PSolve (a company associated with Punter Southall & Co Limited) was appointed as Investment Adviser in June 2003.

Dickinson Dees replaced Nabarro Nathanson as a legal adviser in February 2004, dealing with Scheme management issues. Norton Rose remains lead legal adviser to the Trustee board.

Board attendance record

During the year ended 31 March 2004 the board held 7 meetings. At all meetings there was a minimum of 9 of the 11 directors present and over the whole year the board achieved a 94% attendance record.

Remuneration policy

The board's policy on remuneration for directors is that payment should be received for undertaking the role and responsibility as a director of the trustee company either directly from the Company or as a payment from the trustee company.

During the year ended 31 March 2004 the following payments were made:

- 1 Chairman - receives an annual salary for her duties.
- 2 Pensioner Directors - receive a per diem rate for time spent working as a director of the trustee company.
- 3 Company Nominated Directors - are remunerated by the Company for the time spent working as a director of the trustee company.
- 4 Member Nominated Directors - are remunerated by the Company for the time spent as a trustee director. In certain circumstances, ex-gratia payments have been made by the Company to recognise the extra time involved in undertaking their roles and responsibilities as trustee directors.

Report of the independent auditors

Independent auditors' report to the Trustee of the Invensys Pension Scheme

We have audited the Scheme's financial statements for the year ended 31 March 2004 which comprise Fund Account, Net Assets Statement and related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Trustee, as a body, in accordance with regulations 3 (c) and 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state 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 Trustee as a body, for our audit work, for this report, or the opinions we have formed.

Respective responsibilities of Trustee and auditors

As described in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for obtaining audited financial statements which comply with applicable United Kingdom law and accounting standards and for making available certain other information about the Scheme in the form of an Annual Report. It is also responsible for procuring that contributions are made to the Scheme in accordance with the Schedules of Contributions certified by the actuary.

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

We report to you our opinion as to whether the financial statements give a true and fair view and contain the information specified in the Schedule to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. We also provide a statement about contributions, in which we report to you our opinion as to whether contributions have been paid in accordance with the Schedules of Contributions certified by the actuary. We report to you if, in our opinion, the Trustee's report is not consistent with the financial statements or if we have not received all the information and explanations that we require for our audit.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Introduction letter, 5 year summary, Trustee board, Trustee's Report, Investment Report, Corporate Governance statements, Compliance statement, Board attendance record, Remuneration policy and Members information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Based on audit opinion and statement about contributions

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 financial statements. It also includes an assessment of the significant estimates and judgements made by or on behalf of the Trustee in the preparation of the financial statements and of whether the accounting policies are appropriate to the Scheme'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.

Our work also included examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments in order to provide us with reasonable assurance that contributions have been paid for the period from 1 April 2003 to 30 September 2003 in accordance with the Schedule of Contributions certified by the actuary on 1 August 2002 and for the period from 1 October 2003 to 3 February 2004 in accordance with the Schedule of Contributions certified by the actuary on 17 November 2003 and for the period 4 February 2004 to 31 March 2004 in accordance with the Schedule of Contributions certified by the actuary on 4 February 2004.

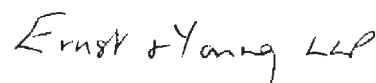
Qualified statement about contributions under the Scheme

Except for the late payments and incorrect deductions as detailed in Note 3 to the Financial Statements, in our opinion contributions payable to the Scheme during the year ended 31 March 2004 have been paid for the period from 1 April 2003 to 30 September 2003 in accordance with the Schedule of Contributions certified by the actuary on 1 August 2002 and for the period from 1 October 2003 to 3 February 2004 in accordance with the Schedule of Contributions certified by the actuary on 17 November 2003 and for the period 4 February 2004 to 31 March 2004 in accordance with the Schedule of Contributions certified by the actuary on 4 February 2004.

Unqualified opinion on the financial statements

In our opinion the financial statements give a true and fair view of the financial transactions of the Scheme during the Scheme year ended 31 March 2004, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and contain the information specified in the Schedule to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne



Date: 12 October 2004

Actuarial statement

ACTUARIAL STATEMENT MADE FOR THE PURPOSES OF REGULATION 30 OF THE OCCUPATIONAL PENSION SCHEMES (MINIMUM FUNDING REQUIREMENT AND ACTUARIAL VALUATIONS) REGULATIONS 1996

Name of Scheme: Invensys Pension Scheme
Effective date of valuation: 31 March 2003

(This statement has been revised in accordance with Regulation 30(7)).

1. Security of prospective rights

In my opinion, provided the contributions described below are paid, the resources of the Scheme are likely in the normal course of events to meet in full the liabilities of the Scheme as they fall due.

I have revised this statement in light of the Employer refinancing the business and therefore not proceeding with the proposed business sales. Provided that alternative funding proposals are made that are of similar value to those made in 2003, the ongoing valuation of the Scheme confirms that the funding plan is appropriate. This is not the same as the position of the Scheme were it to be wound up.

In giving this opinion, I have assumed that the following amounts will be paid to the Scheme:

Members (excluding AVCs)

*5.0% of Pensionable Salaries per annum or such other rates as have been notified to members, payable monthly in arrears.

Employers (including expense allowance and cost of insured benefits)

*20.0% of Pensionable Salaries per annum or such other rates as are specified in Deeds of Temporary Participation or Sale Schedules relating to the disposal of businesses or companies by Invensys plc completed prior to 1 October 2003, payable monthly in arrears.

PLUS an additional contribution of £15m each six months until the next formal actuarial valuation is due, the first payment being due on 1 October 2003.

PLUS a series of lump sum payments of equivalent value to those previously proposed to be made by the Employer subject to a maximum of £150m, due before the next formal actuarial valuation is due.

These additional payments are subject to the Scheme still being in deficiency at the date the payment falls due.

PLUS an additional contribution of £2.5m each year until the next formal actuarial valuation is due, the first payment being due on 1 August 2004.

*For all members in Pensionable Service

2. Summary of methods and assumptions used

Method	Projected Unit
Assumptions	
Interest - pre-retirement	5.75% per annum
Interest - post-retirement	5.75% per annum
Salary inflation	3.75% per annum plus promotional scale
Price inflation	2.5% per annum
Pension increases	
Pre 6 April 2000 joiners	3.15% per annum
Post 6 April 2000 joiners	2.5% per annum
Mortality - pensioners	PA92C2005
Mortality - actives/deferreds	
Post retirement	PA92C2015
Pre retirement	A92
Asset valuation	Market value including market improvements to November 2003

This statement has been made on the basis that the Scheme continues on an ongoing basis with contributions from the Employer and members at the agreed rates. It does not cover the ability of the Employer to meet these contributions, nor does it cover the position should the Scheme discontinue for any reason.

The position will be reviewed at the next actuarial valuation after 31 March 2003, due as at 31 March 2006. If, over the period from this valuation date to the next, the valuation assumptions, particularly those related to investment returns, were not achieved, then higher contributions would be required following the next valuation.

Further details of the methods and assumptions used will be set out in my actuarial valuation report addressed to the Trustee of the same date.

Signature



13 September 2004

David Cule

Fellow of the Institute of Actuaries
Punter Southall & Co Limited
Tempus Court, Onslow Street, Guildford GU1 4SS

Schedule of contributions

SCHEDULE OF CONTRIBUTIONS AND PAYMENTS
AS REQUIRED UNDER SECTION 58 OF THE PENSIONS
ACT 1995

Name of Scheme: Invensys Pension Scheme
Employers: Invensys plc and associated companies which participate in the Scheme. Each one of them is an Employer
Trustee: Invensys Pension Trustee Limited
Period: from 4 February 2004 to 3 February 2009

This Schedule replaces the Schedule of Contributions dated 10 November 2003.

1. Active members (excluding AVCs)

Each member in Pensionable Service 5.0% of Pensionable Pay or such other rate as has been notified to the member

These contributions will be deducted from salary monthly and paid by the Employer direct to the Trustee. They shall be due in respect of each month on the nineteenth day of the month following the month to which they relate, during the currency of the Schedule.

2. Employers - regular contributions (including expense allowance and cost of insured benefits)

Each Employer 20% (or such other rates as are specified in deeds of temporary participation or sale schedules relating to the disposal of businesses or companies by Invensys plc completed prior to 1 October 2003) of Pensionable Pay of each of its Employees in Pensionable Service

Each Employer will pay these contributions direct to the Trustee. The contributions are due on the nineteenth day of the month following the month to which they relate, during the currency of the Schedule.

3. Invensys plc - previously agreed benefit augmentation payments

Invensys plc £2.5m due on 1 August 2004 and £2.5m due on 1 August 2005

Invensys plc will pay these contributions direct to the Trustee.

These Employer contributions are payable under clause F(1) of the trust Deed (and are subject to Schedule F of the Trust Deed).

Signed 

on behalf of Invensys Pension Trustee Limited

Signed 

on behalf of Invensys plc and the other Employers

Date: 4 February 2004

Fund account

for the period ended 31 March 2004

	NOTES	2004 £000	2003 £000
Contributions and benefits			
Contributions receivable	3	34,083	13,297
Members' transfers-in	4	5,112	(7)
		39,195	13,290
Benefits payable			
Benefits payable	5	(194,094)	(188,581)
Payments to and on account of leavers	6	(33,666)	(38,220)
Administrative expenses	7	(3,345)	(2,894)
		(231,105)	(229,695)
Net withdrawals from dealings with members		(191,910)	(216,405)
Returns on investments			
Investment income	8	125,861	126,633
Change in market value of investments	10	290,918	(452,805)
Investment management expenses	12	(5,790)	(4,022)
Net returns on investments		410,989	(330,194)
Net increase/(decrease) in the fund during the year		219,079	(546,599)
Fund at beginning of year		3,254,670	3,801,269
Fund at end of year		3,473,749	3,254,670

Net assets statement

as at 31 March 2004

	NOTES	31 March 2004 £000	31 March 2003 £000
Investments	10		
Fixed interest securities		1,155,667	1,088,311
Equities		1,183,704	1,251,721
Index-linked securities		925,917	756,763
Managed and unitised funds		16,289	21,124
Property	2e	—	1,250
Cash deposits		141,834	81,251
Additional Voluntary Contributions & Transfer-in investments	11	12,231	13,076
Other		2,432	484
		3,438,074	3,213,980
Fixed assets		5	9
Current assets and liabilities	9	35,670	40,681
Fund at end of year		3,473,749	3,254,670

These financial statements were approved by the Trustee on 9 September 2004.

Signed on behalf of Invensys Pension Trustee Limited:

KA O'Donovan



IR Fyfe



Directors

9 September 2004

Notes to the financial statements

I Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, and with the guidelines set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes (SORP) issued in November 2002.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the statement by the Scheme Actuary on page 14 of the Annual Report and these statements should be read in conjunction therewith.

2 Accounting policies

The principal accounting policies adopted by the Scheme are as follows:

a) Investment income

Investment income is accounted for on an accruals basis. Foreign currency income is translated to sterling at the exchange rates ruling at the dates of transactions. Realised capital gains and losses are calculated by deducting the average cost of purchase from sale proceeds.

b) Investment manager expenses

Investment manager expense is accounted for on an accruals basis and is mostly charged as a percentage of the portfolio valuation.

c) Valuation of investments

Investments are included in these financial statements at mid-market value and foreign securities are translated to sterling at the exchange rate ruling at the year end. The market value of unlisted investments is taken as the average of the bid and offer price of units. Unquoted securities are included at market value on the advice of the investment managers.

d) Transfers

Provision is made in the financial statements in respect of transfers payable or receivable if consent was given by 31 March 2004.

e) Property

The freehold property, which comprised office accommodation which was transferred to the Trustee by the Siebe Pension Scheme Trustee on 6 April 2000, was sold in March 2004 for £1.25m.

f) Taxation

The Scheme is approved by the Inland Revenue as an exempt approved scheme. The Scheme's income and chargeable gains are free of UK Income and Capital Gains tax (save for Advance Corporation Tax post-2 July 1997) and tax recoverable on the Scheme's income is treated as part of that income.

g) Contributions receivable

Employer's and members' contributions are accounted for on an accruals basis at rates agreed between the Trustee and the employer based on the recommendations of the actuary. Members' additional voluntary contributions are accounted for on an accruals basis.

3 Contributions receivable

	2004 £000	2003 £000
Employers - special	17,500	—
- normal	10,711	6,168
Members - normal	5,540	6,692
- AVCs	332	437
	34,083	13,297

The Employer's contribution holiday ended in October 2003 when the Company resumed regular monthly contributions at the rate of 20% of Members' pensionable pay.

The Schedule of Contributions requires contributions to be paid to the Trustee by the Participating Employer by the 19th of the month following deduction. During the year there were 4 instances of late payment by companies during a temporary participation period and instances of incorrect amounts being deducted. These are referred to in the Auditors' Report.

In order to assist the Invensys companies to meet their due dates the Trustee has implemented a change in the collection process to limit the risk of future payments by the Invensys companies being received late.

Special Employer's Contributions relate to specific lump sum amounts to be paid in accordance with the Schedule of Contributions and additional funding arrangements proposed by the Company.

4 Transfers-in

	2004 £000	2003 £000
Group transfers-in from other schemes	5,109	(13)
Individual transfers-in from other schemes	3	6
	5,112	(7)

The Trustee suspended the acceptance of individual transfers-in in 2001; the figures shown above for individual transfers-in represent additional payments for transfers already accepted. The negative value in 2003 against Group transfers-in resulted from an overestimate of a provision as at 5 April 2002.

5 Benefits payable

	2004 £000	2003 £000
Pensions	177,895	166,990
Lump sums payable on retirement	13,852	18,428
Capital sums payable on death	2,347	3,163
	194,094	188,581

6 Payments to and on account of leavers

	2004 £000	2003 £000
Group transfers to other schemes	23,600	31,699
Individual transfers to other schemes	7,746	3,202
AVC scheme withdrawals	1,554	2,973
State premiums for leavers	444	86
Contribution refunds	322	260
	33,666	38,220

Notes to the financial statements *continued***7 Administrative expenses**

	2004 £000	2003 £000
Administration and data processing	1,460	1,512
Actuarial fees	1,402	1,075
Audit fee	55	48
Legal and other professional fees	409	214
Directors' fees	19	45
	3,345	2,894

8 Investment income

	2004 £000	2003 £000
Income from fixed interest securities	64,790	62,061
Dividends from equities	34,483	36,961
Income from index-linked securities	21,758	19,198
Income from managed or unitised funds	481	726
Net income from properties	106	121
Interest on cash deposits	4,193	3,755
Other	50	11
	125,861	122,833
Income tax provision release	—	3,800
Total investment income	125,861	126,633

9 Current assets and liabilities

	2004 £000	2003 £000
Bulk transfers receivable	1,692	—
Accrued interest and dividends	30,143	30,976
Contributions received in advance - employee	(137)	(245)
- employer	(15,158)	—
Income tax recoverable	—	111
Employer contributions due	1,597	—
Other debtors	508	496
Cash and deposits	30,606	13,313
State premiums payable	(1,108)	(1,882)
Bulk transfers payable	(5,726)	—
Lump sum benefits payable	(2,916)	(1,672)
Other creditors	(3,831)	(3,916)
Tax certificate	—	3,500
	35,670	40,681

I0 Investments

	As at 31/03/03	Purchases	Sales	Transition	Change in market value	As at 31/03/04
Equities	1,251,721	562,125	(580,556)	(338,820)	289,234	1,183,704
Fixed interest	1,088,311	1,079,248	(1,095,467)	135,850	(52,275)	1,155,667
Index-linked	756,763	423,786	(462,763)	173,727	34,404	925,917
Managed funds	21,124	—	(8,796)	—	3,961	16,289
Property	1,250	—	(1,250)	—	—	—
Other	484	—	—	—	1,948	2,432
Cash	81,251	—	—	29,243	31,340	141,834
Sub total	3,200,904	2,065,159	(2,148,832)	—	308,612	3,425,843
AVCs	13,076	621	(2,071)	—	605	12,231
Grand total	3,213,980	2,065,780	(2,150,903)	—	309,217	3,438,074

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year; including profits and losses realised on sales of investments during the year.

	2004 £000	2003 £000
Equities		
UK quoted	590,932	558,412
UK unquoted	—	2,616
Overseas quoted	481,943	587,578
	1,072,875	1,148,606
Absolute Return Fund	110,829	103,115
	1,183,704	1,251,721
Fixed interest securities		
UK public sector quoted	696,331	600,206
Overseas public sector	55,791	—
Corporate bonds	403,545	488,105
	1,155,667	1,088,311
Index-linked securities		
UK quoted	925,917	756,763
Managed and unitised funds		
Managed funds	1,896	21,124
Unitised trusts - property	14,393	—
	16,289	21,124
Property UK	—	1,250

Notes to the financial statements *continued*

10 Investments *continued*

	2004 £000	2003 £000
Other		
Amounts receivable in respect of investments sold	26,758	6,453
Amounts payable in respect of investments purchased	(24,326)	(5,969)
	2,432	484
Cash deposits		
Sterling	130,851	62,795
Foreign currency	10,983	18,456
	141,834	81,251
Total	3,425,843	3,200,904

11 Additional Voluntary Contributions (AVCs)

The Trustee offers contributing members the opportunity of paying AVCs to either Woolwich plc or to one of a number of arrangements with Friends Provident.

Some members continue to save AVCs under other arrangements which existed in other schemes prior to scheme mergers. These other arrangements are closed to new entrants.

All members receive an annual statement confirming the amounts held to their account and the movements in the year.

The number of contributing and deferred members participating and the aggregate amounts of members' AVC and transfer-in funds were as follows:

Members' participating	Woolwich plc	Equitable Life	Other	Total
31 March 2003	1,602	1,044	541	3,187
31 March 2004	1,421	926	490	2,837
Funds	£000	£000	£000	£000
Members' Funds at 31 March 2003	5,746	5,078	2,252	13,076
Contributions/transfers-in	387	3	231	621
Interest and bonuses	189	156	260	605
Withdrawals/transfers-out	(1,085)	(647)	(339)	(2,071)
Members' Funds at 31 March 2004	5,237	4,590	2,404	12,231

Funds transferred by members from one AVC provider to another are included in "transfers-in" and "transfers-out".

12 Investment management expenses

	2004 £000	2003 £000
Administration, management and custody	5,768	3,996
Performance measurement services	22	26
Total	5,790	4,022

I3 Related party transactions

Two Trustee directors are in receipt of a pension from the Invensys Scheme and another is a deferred pensioner. These three directors are in receipt of remuneration from the Trustee. All directors claim reimbursement of related expenses.

At the date of this report, a further seven Trustee directors were Members of the Invensys Scheme. All benefits are calculated in accordance with the Scheme Rules.

The administration of benefits is the responsibility of Invensys Pensions. The operating costs of Invensys Pensions are shown in note 7.

I4 Scheme mergers

In January 2004 assets of the F&A Parkinson Limited Superannuation Fund were transferred to the Invensys Pension Scheme.

Members' information

Scheme administration

Invensys Pensions
Higham House
New Bridge Street West
Newcastle upon Tyne
NE99 1TG

Telephone (local rate):
0845 300 0549

e-mail:
enquiries@invensyspensions.
co.uk

Website

The new website will be launched in November 2004. For news, pensions updates and other information on the Scheme please visit www.invensyspensions.co.uk

Contacts

Members should contact the Scheme administration office if their address or personal details change at any time. Forms to amend their details are available on the website.

Professional advisers

Scheme Actuary

D O Cule of Punter
Southall & Co Limited
Tempus Court
Onslow Street
Guildford GU1 4SS

Scheme Auditors

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Legal Advisers

Norton Rose
Kempson House
Camomile Street
London EC3A 7AN

(from 26 February 2004)

Dickinson Dees
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE99 1SB

(until 26 February 2004)

Nabarro Nathanson
Lacon House
Theobald's Road
London WC1X 8RW

Investment Adviser

PSolve Asset Solutions
126 Jermyn Street
London
SW1Y 4UJ

Financial calendar

July 2004

Issue of Pensions news
newsletter

October 2004

Issue of Scheme report
and accounts

November 2004

Issue of Pensions news
newsletter

March 2005

End of Scheme
financial year

