

Invensys Pension Scheme

Trustee's Annual Report &
Financial Statements 2008

Responsible performance

Contents

3	Chairman's review	25	Statement of Trustee's responsibilities
8	Trustee Board	26	Independent auditors' report
9	Board and Committee members	27	Independent auditors' statement about contributions
10	Scheme advisers and investment managers	28	Summary of contributions
10	United Kingdom Pensions Consultative Committee	29	Actuary's certificate of the calculation of Technical Provision
11	Member analysis	29	Actuary's certificate of Schedule of Contributions
12	The year in summary	30	Fund account
13	Trustee's report	31	Net assets statement
17	Investment report	32	Notes to the financial statements
20	Funding position	39	Members' information
21	Recovery plan	40	Glossary
23	Scheme governance		
24	Compliance statement		

Trustee Charter

The Trustee will:

- **Act in accordance with the Scheme's governing documents and the law.**
- **Act in the best interests of the members at all times, taking into account the position of each class of member.**
- **Act prudently, honestly, with integrity and in good faith having taken appropriate professional advice.**
- **Seek to secure members' benefits by managing Scheme funds effectively.**
- **Communicate to all members regularly and in a clear and concise way.**
- **Deliver a high level of service to all members.**

The Trustee's first
responsibility
is to members.

The Trustee aims to
provide a **reliable**
investment performance,
reassurance and
careful management
of its **resources.**

Reliable

investment performance

The Trustee aims to secure members' future benefits by reducing risk and delivering consistent and reliable investment performance.

Chairman's review

This year's Report and Financial Statements to 31 March 2008 reflect the extremely difficult investment conditions that have prevailed for the majority of the year. The defensive position of our investment portfolio (reflecting the increasing maturity of the Scheme, with less than 2% of our members actively working for an Invensys company) means that we have survived the "credit crunch" comparatively well. The investment strategy has proved to be sound for our Scheme, and over the long term we hope to see our current investment performance improve to targeted levels.

We end the year ready for discussions over funding with Invensys plc ("the Company"), who we are all pleased to see returning to the FTSE100. During the year the Company has disposed of the APV group of companies and with the Scheme closed to new members and a Defined Contribution (DC) Section option for existing members, we expect that the number of active members within the Defined Benefit (DB) Sections will continue to decrease.

We were actively involved in negotiations with the Company during the disposal of the APV companies. From the proceeds of the sale the Company was able to make a £42.4m payment to the Scheme and bring forward Special Contributions scheduled for 2008, giving an overall payment of £72m. In accordance with the Schedule

of Contributions we have also received additional employer contributions of £12m where the Company has sold operations which, whilst not participating companies in the Scheme, were assets of the Invensys Group.

The negotiation of the sale of the APV companies has led to an updated Recovery Plan which is detailed on page 21. This plan shows the current commitment of the Company in respect of funding of the Scheme's deficit.

The Scheme's funding deficit (i.e. the amount by which the liabilities to pay the benefits exceeds the value of assets) is financed in two ways; firstly, with additional contributions from the Company as set out in the Recovery Plan and secondly from the additional future return on assets which the Trustee seeks to achieve.

Outlook

We have agreed with the Company that a full triennial valuation of the Scheme will take place as at 31 March 2008, and we expect the results to be available later in the year. The Trustee is responsible for the setting of the valuation assumptions after taking professional advice. These are then agreed with the Company.

Given the very long term nature of the Scheme's liabilities and the current volatility of financial markets, we believe that particular care is required to be taken in setting the discount rate assumption (a key assumption in putting a value on the Scheme's future liabilities).



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

The Trustee aims to operate in a safe and responsible manner, making the provision of members' future benefits a priority at all times. The Trustee is committed to continuous improvements in the Scheme's governance procedures; reviewing the employers' financial covenant; and vigilance regarding the funding arrangements.

Reassurance for members

Chairman's review

continued

There has been much debate on the effect of people living longer on scheme valuations and again we will consider the advice and research in setting our assumptions in this important area of the valuation of the Scheme.

Following completion of the valuation we will discuss with the Company a Schedule of Contributions and a Recovery Plan that aim to ensure the ongoing security of the Scheme and the elimination of the current Scheme deficit. For the last three years we have taken professional advice on the strength of the Company's financial covenant. This will again form an important part of our funding discussions. As noted above the Company has returned to the FTSE100 index of leading UK companies for the first time since 2003. The Company has continued to show its commitment to the Scheme through its agreed contributions and we, as Trustee Directors, are pleased with the improving financial health of the Company.

With the introduction of the DC Section in April 2007, and an increase in employee contributions in both April 2007 and 2008, the Company's regular contributions to the Scheme are now 16.3% of member's Pensionable Pay. Again this will be reviewed in the light of the valuation. Approximately 200 members have now joined the DC Section, and their funds (currently

totalling £400,000) are invested in Legal and General Investment Management's unitised funds. The Board, and in particular the Investment Committee, will keep these funds under regular review.

Investments

The investment strategy for the DB Sections is now well established. It targets 80% of the fund to be invested in a Matching Fund of bond type investments giving a relatively secure investment that is intended to broadly match increases or decreases in the Scheme's liabilities. The remaining 20% is expected to give a higher rate of return in the Higher Performance Fund.

This fund was re-allocated during the Summer of 2007, by diversifying into differing forms of investment instruments. The previous allocation of the Higher Performance Fund was primarily in equities (both UK and global) spread over four asset managers. We now have eight asset managers invested in five major types of investment, namely: broad based bonds, dynamic asset allocation, global equities, fund of hedge funds and an equity derivative overlay strategy. This diversification aims to reduce the risks to the Scheme by spreading exposure over more asset classes.

Our strategy to reduce risk, increase security and, where possible, target additional return to help reduce the Scheme deficit, is expected to continue in the current financial market conditions.

Managing our resources

The Trustee aims to provide members with the best possible service levels by managing its resources to keep them informed about the Scheme and to meet individual member requirements.

Chairman's review

continued

Over the course of the year the assets held by the Scheme have increased in value by £311m, driven in part by Company contributions of £97m and the positive investment return of 4.7%. Given the parlous state of the financial markets we have failed to meet our long term benchmark; however the performance is still a positive achievement. To put it into context over the same period UK equities have fallen by 7.7%, international equities have fallen by 8%, UK commercial property has fallen by 10.7% and corporate bonds by 4.7%.

A recent study identified that over 70% of the other FTSE100 employers' pension schemes were invested at least 50% in equities and property during 2007 – indicating that the average investment return amongst these schemes will have been negative. During the course of the year the Scheme has reduced its equity exposure from 18.6% to 4.3%, and there was no direct exposure to UK commercial property.

Overall the Scheme's assets were estimated to cover 92% of the liabilities at 31 March 2008 compared to 95% at the start of the year. Whilst this is disappointing, it is important to keep this in context. The liabilities have increased at a much greater

rate than most asset classes this year – so even to keep pace with the liabilities has been an almost impossible task, in current market conditions.

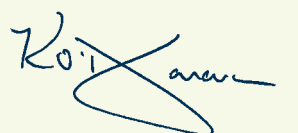
Communication and Governance

We continue to aim to improve the way we communicate with our members. The feedback from our recent newsletter has been excellent and we will continue to search out ways to provide members with helpful and relevant information about the Scheme in a simple and understandable manner.

We place great importance on the governance of your Scheme. During the year the Governance & Audit Committee has reviewed a number of matters to ensure improved control of Scheme affairs.

An external audit of the internal control at our administration office in Newcastle confirmed that the Scheme is well administered and service standards are being exceeded. Our experienced team provide an excellent service in supporting the needs of members and the Board is grateful for their continuing hard work.

The Board have had another eventful year; I must praise the Board members' involvement, effort and enthusiasm in tackling an increasing number of technical issues in order to meet the responsibility of providing a safe and secure Scheme for all members now and in the future.



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

Trustee Board



Kathleen O'Donovan Kathleen has been a member of the Board since 1991 and was appointed Chairman in February 2003. As Chief Financial Officer of BTR and Invensys between 1991 and 2002 she has been deeply involved in the Scheme for many years. Previously a partner with Ernst & Young, Kathleen now holds a number of plc non-executive directorships, including Prudential plc.



Eleanor Whitfield Eleanor has been with the executive team of the Invensys Rail Group since 1999 where she is VP Legal and Group General Counsel. Eleanor qualified as a solicitor in 1989 and has since been involved in a variety of international corporate and commercial projects with experience both in private practice and with National Power plc. Eleanor was appointed to the Board in March 2007.



Ian Fyfe 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 then he has served as a Director of the Trustee Company.



Anthony Gajadharsingh Anthony qualified in Business and Finance and is a member of the Institute of Chartered Secretaries and Administrators. 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. After serving as Managing Director of IMServ, he is now VP Strategy & Planning for Invensys plc.



Geoff Gayfer Geoff manages safety related software development with Westinghouse Rail Systems, working mainly on large metro projects. He started his career as an electronic engineer in the telecommunications industry. He joined the Group in October 2002 and has been a member of the UKPCC since 2006. When a vacancy for a post on the Trustee Board arose he was proposed by the UKPCC as a Member Nominated Trustee to the Scheme in March 2008.



Martin Barker Martin retired from Westinghouse Brake and Signal Holdings in 2001 after 35 years' service. His involvement in pensions commenced in 1972 when he became Pensions Manager with responsibility for the Westinghouse pension schemes. He became a Trustee in 1973 and remained in control of the schemes until they were merged with the BTR Group Pension 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.



Steve McDonnell Steve is Head of Group Tax for Invensys plc. He was appointed to this role in October 2005 after joining the Company in January 2005. Prior to that he was in similar roles with Tibbett & Britten Group plc, Thorn Lighting and Laporte plc. Steve is a Chartered Accountant and a member of the Chartered Institute of Taxation.



Russell Walker Russell has been an engineer with Westinghouse Rail Systems since 1973 and has worked in various engineering roles throughout the business. 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. He has attended various pensions investment and financial training courses over this period, and holds the PMI Trustee Certificate.



Tony Ferris Tony is a Chartered Accountant who retired in 1999. He was Finance Director of Westinghouse Brake and Signal Holdings, served as Finance Director of Hawker Siddeley's Rail Division until 1991 and then as Group Controller of the BTR Rail Group. He was a Trustee of the Westinghouse pension schemes until they were merged with the BTR Group Pension Scheme in 1993 and was also Chairman of the South West Region's Pensions Consultative Committee.

Board and Committee members

The Trustee and the Company have reviewed changes to the Board structure to reflect the new requirements of the 2004 Pensions Act and the changing membership profile of the Scheme. Changes were made in 2007 to the Board structure and the selection process of Member Nominated Directors (MNDs).

The Board is now made up of nine Directors, four Company Nominated and five MNDs. Of the five MNDs, three are Pensioner members and the remaining two are Active members. The Company will nominate its representatives as before and will be responsible for appointing the Chairman from the total Board. The MNDs will be selected following a nomination process by their respective groups as detailed on page 15.

The Board members at 31 March 2008 were:

Appointed by Invensys plc

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

A G Gajadharsingh
VP Strategy & Planning, Invensys plc
(appointed 21 May 2003)

S C McDonnell
Head of Group Tax, Invensys plc
(appointed 9 March 2006)

E K Whitfield
VP Legal – Invensys Rail
(appointed 8 March 2007)

Nominated by the UKPCC

R G Walker
Engineer, Westinghouse Rail Systems Ltd
(appointed 28 November 2002)

G R Gayfer
Westinghouse Rail Systems Ltd
(appointed 6 March 2008)

Pensioner Directors

I R Fyfe, Deputy Chairman
formerly General Manager, BTR Pensions
(appointed 22 May 1996)

M J Barker
Pensioner Representative on the UKPCC
(appointed 4 February 2004)

A G Ferris
formerly Group Controller of BTR Rail Group
(appointed 14 June 2007)

Committee membership

Investment Committee

K A O'Donovan (Chairman)
I R Fyfe
A G Ferris (appointed 6 December 2007)

Governance & Audit Committee

M J Barker (appointed Chairman 14 February 2008)
S C McDonnell (appointed 21 November 2007)
R G Walker
E K Whitfield

Company Liaison Standing Committee

K A O'Donovan (Chairman)
I R Fyfe
A G Ferris (appointed 6 March 2008)
N B Casson (General Manager and Secretary to the Trustee)

Changes to Board in Scheme year

Other Directors who served during the Scheme year were:

J Rae (appointed 16 March 2006;
resigned 14 June 2007)

K F Ireland (appointed 27 October 2005;
resigned 31 December 2007)

The Board wishes to place on record its thanks to the above for their services to the Scheme.

Scheme advisers and Investment managers

The Trustee receives advice from a number of sources. The appointed Scheme advisers and Investment managers are listed below.

Scheme Actuary

S M Leake, Punter Southall Limited
Tempus Court, Onslow Street
Guildford GU1 4SS

Scheme auditor

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

Legal advisers

Norton Rose LLP
3 More London Riverside
London SE1 2AQ

Dickinson Dees LLP

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

Investment adviser

P-Solve Asset Solutions

126 Jermyn Street
London SW1Y 4UJ

Investment managers

UBS Global Asset Management
21 Lombard Street
London EC3V 9AH (until August 2007)

Barclays Global Investors Limited

Murray House, 1 Royal Mint Court
London EC3N 4HH

BlackRock Investment Management (UK) Ltd (formerly Merrill Lynch Investment Managers)

33 King William Street
London EC4R 9AS

AXA Investment Managers UK Limited

7 Newgate Street
London EC1A 7NX

M&G (formerly Prudential M&G)

Laurence Pountney Hill
London EC4R 0HH

Alliance Bernstein

50 Berkeley Street
London W1J 8HA

Pioneer Investments

123 Buckingham Palace Road
London SW1W 9SL

Stone Harbor Investment Partners

86 Jermyn Street
London SW1Y 6JD

Fortis Investments (formerly ABN AMRO Asset Management)

82 Bishopsgate
London EC2N 4BN

Invesco Asset Management

30 Finsbury Square
London EC2A 1AG

Société Générale Asset Management

9th Floor, Exchange House
Primrose Street
London EC2A 2EF

PSigma Investments Limited

126 Jermyn Street
London SW1Y 4AJ

Legal & General Investment Management

One Coleman Street
London EC2R 5AA

Custodians

BNY Mellon Asset Servicing B.V. (previously ABN

AMRO Mellon Global Security Services B.V.)
Bank of New York Mellon Financial Centre
160 Queen Victoria Street
London EC4V 4LA

PFPC Inc

Alternative Investments Group,
103 Bellevue Parkway, 1st Floor,
Wilmington
Delaware 19809, USA

Bankers

LloydsTSB Bank plc

10 Gresham Street
London EC2V 7AE

United Kingdom Pensions Consultative Committee

The UKPCC
at 31 March 2008

Nigel Casson, Chairman

General Manager (Invensys Pensions)

Members' Representatives

Steve Foggin Invensys Pension Trustee Ltd
Cliff Gare-Mogg Eurotherm Ltd
Geoff Gayfer Westinghouse Brake & Signal
Holdings Ltd

Lynda Manning IMServ (Europe) Ltd
Nitin Patel Invensys plc
James Rae Eurotherm Ltd
Ken Ross Westinghouse Brake & Signal
Holdings Ltd

Mike Sweet Invensys Controls UK Ltd
Colin Townsend Invensys Systems (UK) Ltd
Russell Walker Westinghouse Brake & Signal
Holdings Ltd

Company Representatives

Cheryl Baker Invensys Systems (UK) Ltd
Louise Jarrett Westinghouse Brake & Signal
Holdings Ltd
Nigel Johnson Invensys plc
Sue Lucas Eurotherm Ltd

Pensioner Representative

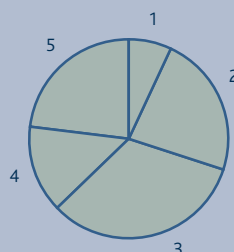
Martin Barker

Member analysis

as at 31 March 2008

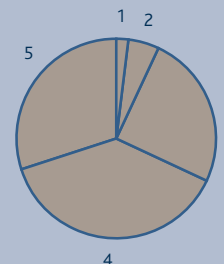
Actives age profile

82	16-30 year olds (1)
299	31-40 year olds (2)
431	41-50 year olds (3)
187	51-55 year olds (4)
294	56 and over (5)
1,293	Total



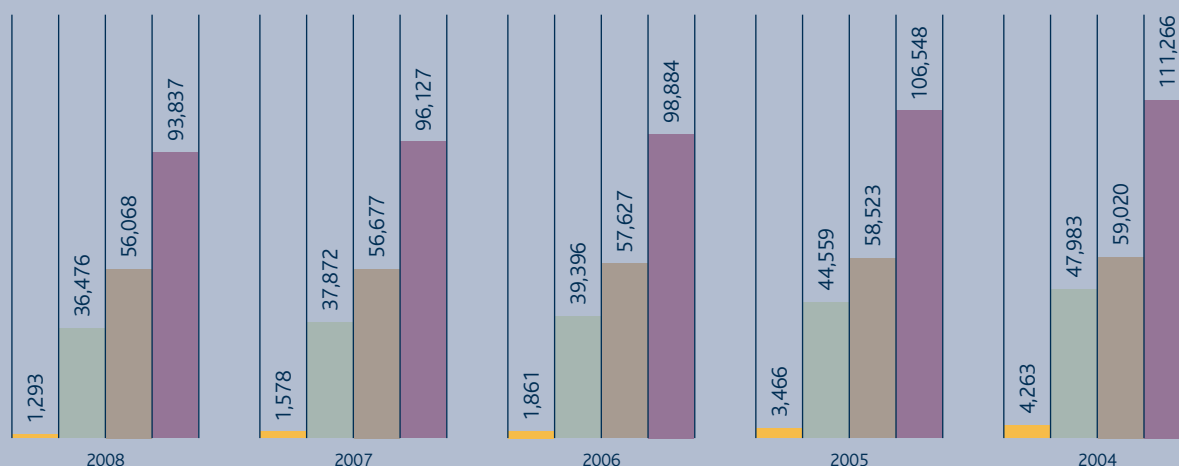
Pensioners age profile

557	50 years and under (1)
2,792	51-60 year olds (2)
13,901	61-70 year olds (3)
21,212	71-80 year olds (4)
17,606	81 and over (5)
56,068	Total



Number of members

ACTIVES DEFERREDS PENSIONERS TOTAL

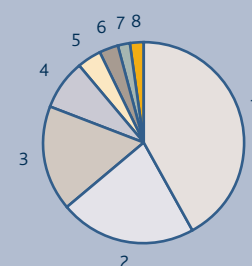


Changes in membership during the year

	Actives	Deferred	Pensioners
At 31.03.07	1,578	37,872	56,677
New entrants	–	213	2,081
Deaths	(1)	(457)	(2,690)
Retirements	(71)	(1,067)	–
Leavers	(213)	(85)	–
At 31.03.08	1,293	36,476	56,068
Of which, members of the DC Section total	179	23	2

Active members by operating company

556	Westinghouse Brake & Signal Holdings Ltd (1)
294	Eurotherm Ltd (2)
230	Invensys Controls UK Ltd (3)
103	Invensys Systems (UK) Ltd (4)
46	IMServe (Europe) Ltd (5)
40	Invensys plc (6)
18	Invensys Pension Trustee Ltd (7)
6	Ranco Europe Ltd (8)
1,293	Total

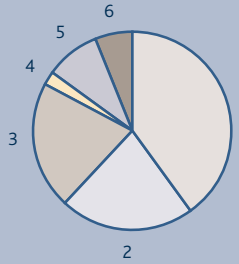


The year in summary

as at 31 March 2008

Distribution of investments by type (£m)

1,581	Bonds - Fixed Interest (1)
852	Bonds - Index Linked (2)
789	Bonds - Managed Funds (3)
37	Bonds - Derivatives (4)
345	Equities (5)
241	Cash and Others (6)
3,845	Total

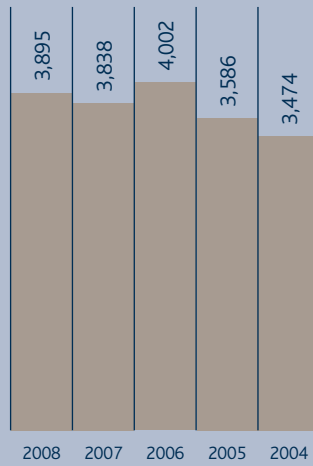


Investment returns (%)

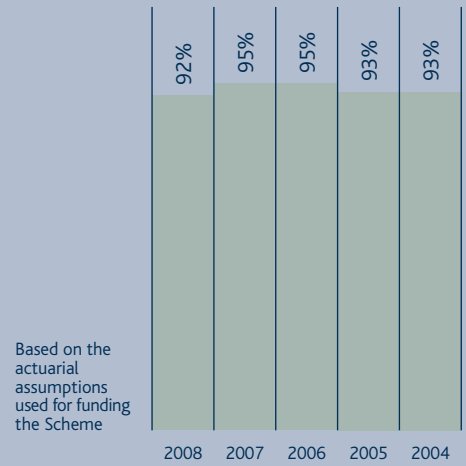
Actual return	4.7	0.4	14.0	7.8	13.1
Benchmark return	10.3	1.0	14.2	7.4	12.4
	2008	2007	2006	2005	2004

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

Value of pension fund (£m)



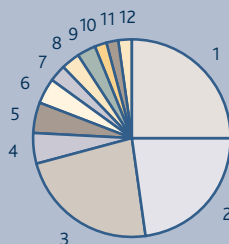
Scheme funding levels on an ongoing basis



Based on the actuarial assumptions used for funding the Scheme

Distribution of investments by investment manager (£m)

1,024	Barclays Global Investors (1)
1,012	M&G (2)
997	AXA (3)
182	Fortis Investments (4)
181	BlackRock (5)
165	Invesco Asset Management (6)
81	Société Générale Asset Management (7)
70	Alliance Bernstein (8)
69	Pioneer Investments (9)
35	Stone Harbor Investment Partners (10)
21	Protected Rights & AVCs (11)
8	PSigma Investments (12)
3,845	Total



Trustee's report

The Invensys Pension Scheme ("the Scheme") is an approved occupational pension scheme that was established by a Trust Deed on 31 March 1988, consolidating the main BTR, Dunlop and Tilling defined benefit 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 the Invensys Pension Scheme. The Scheme was closed to new members on 1 November 2004 but remains open to further accrual for existing members, and the Company now offers new employees membership of a contract based stakeholder pension scheme.

The Third Definitive Trust Deed and Rules were adopted on 28 March 2006. A Defined Contribution Section of the Scheme was introduced from 1 April 2007.

The sponsoring employer of the Scheme is Invensys plc ("the Company"), whose address is Portland House, Bressenden Place, London SW1E 5BF.

Trustee arrangements

The Trustee of the Scheme is Invensys Pension Trustee Limited which is a corporate trustee whose Board of Directors act together as trustees of the Scheme.

The Trustee 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 the Invensys Pension Scheme's administration offices (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 Board met five times.

Board structure

In accordance with the Articles of Association of the Trustee Company the Board consists of a maximum of nine Directors. Four, including the Chairman, are appointed by the Company, two are nominated by the UKPCC and three are Scheme pensioners. The appointing or nominating authority may also remove Directors from office, the Trustee may be changed by the Company. As detailed on page 9 the Board structure was changed in 2007.

All decisions of the Trustee taken 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 a majority vote.

Committee structure

The Board has established three Committees in order to ensure efficient management of the Scheme.

The Investment Committee comprises Directors whose role is to review the development and implementation of appropriate strategies for the investment of the Scheme's assets and to obtain advice and make recommendations to the Trustee in respect of its investment responsibilities.

Company representatives attend Investment Committee meetings and are consulted on changes to investment policy.

The Governance & Audit Committee consists of Directors whose objective is to review the Scheme's risk management through the use of effective decision making processes and the adoption of pensions industry "best practice" in order to recommend to the Board any action it should take in respect of the governance of the Scheme. The Committee also reviews the annual financial audit and report of the Scheme's auditors.

There is also a Company Liaison Standing Committee which works directly with the Company on issues relating to Company policy and status, as well as negotiating Scheme funding issues.

These Committees make regular reports and proposals to the Board, which authorises actions taken. During the year the Investment Committee met on ten occasions, and the Governance & Audit Committee five times. The Company Liaison Standing Committee met on a number of occasions during negotiations with the Company on the disposal of the APV group of companies and made proposals to the Board for their agreement.

The year in brief

On 31 March 2008 the value of the Fund was £3,895m (2007: £3,838m). The investment return on the assets was 4.7% compared to a Scheme specific performance benchmark that

measured 10.3%. This compares to a return in 2007 of 0.4% against the Scheme specific benchmark of 1.0%. Investment managers are set a target return which is above the Scheme specific benchmark. Further details are provided in the Investment Report on pages 17 to 19.

The main reason for the Scheme's underperformance is due to the Higher Performance portfolio. This portfolio has been changed substantially in the last 12 months.

Actuarial and funding position

The Scheme Actuary, who is independent of the Scheme, assesses the funding position of the Scheme, i.e. the balance between assets and liabilities. This valuation is normally done formally and in detail every three years, with annual updates presented to the Trustee in other years.

The last full triennial valuation was completed as at 30 September 2005. In accordance with the Pensions Act 2004 the Trustee set the assumptions for the Scheme Actuary to calculate the Technical Provisions, meaning the amount required by the Scheme to provide for the Scheme's liabilities on an ongoing basis. These Technical Provisions were then agreed by the Company. The key assumptions that the Trustee determined and which were agreed by the Company for the 2005 valuation were as follows:

- A discount rate linked to the yield on A-rated corporate bonds, which was equivalent to the yield on long dated fixed interest government securities plus 0.9% p.a.
- An inflation assumption of 2.8% p.a, together with an assumption of 3.3% p.a for pension increases of LPI with a minimum of 3% p.a.
- A mortality assumption in line with the standard mortality table of PA92 (year of birth) Medium Cohort, with a 126% loading to the mortality rates.

The agreed assumptions gave rise to the value for Technical Provisions at 30 September 2005 of £325m greater than the corresponding value of market assets at that date, and the Scheme therefore had a deficit of this amount, as at that date.

The Trustee has agreed that a new full valuation will take place as at 31 March 2008. This will bring the triennial valuation date back into line with the Scheme accounting year and the Company's financial year. During the course of 2008 the Trustee will decide on revised assumptions following the advice from the Scheme Actuary and will agree these with the Company.

The Trustee has set out a Statement of Funding Principles stating its policy on meeting the Statutory Funding Objective of having sufficient assets to meet the Scheme's Technical Provisions.

As a result, the Trustee agreed a Recovery Plan with the Company, setting out the agreed funding to meet the Technical Provisions and thereby eliminate the deficit.

This Recovery Plan committed the Company to maintaining a series of special contribution payments as laid out on pages 21 and 22.

Once the Scheme Actuary has reported to the Board on the Scheme's Technical Provisions the Trustee will agree a revised Recovery Plan with the Company which will be notified to members as soon as it is finalised.

The National Fraud Initiative

The Trustee, along with other organisations, takes part in the Audit Commission's National Fraud Initiative. This initiative is to review the data the Scheme holds against registered deaths. This is to identify cases where pensions are still being paid despite the pensioner's death. This data matching exercise meets the requirements of the data protection law and the Audit Commission will process the data for this purpose only.

The Trustee has a duty to provide benefits only in accordance with the provisions of the Scheme Rules. These reviews are completed and are dealt with sensitively to ensure any genuine misunderstandings by relatives of the deceased pensioners are satisfactorily resolved. However, any case which appears to be an incidence of potential fraud will be referred to the authorities for further investigation.

If after reviewing the information and data supplied about individual cases it appears to Invensys Pensions that a pension may have been fraudulently claimed or information provided to Invensys Pensions has been given in a fraudulent manner, then it is the policy of the Trustee that all relevant papers should be passed to the Police to consider whether there is a case for prosecution. Invensys Pensions will give every possible support to the Police in establishing and, if necessary, prosecuting any fraud that has occurred.

Administration

The Trustee can be contacted through Invensys Pensions at the address on page 39. Details of the advisers and investment managers who worked with the Trustee during the year are also listed on page 10.

The General Manager of the Invensys Pension Scheme is Mr N B Casson and the Pensions Manager is Mr M D Leggett, who are employed by the Trustee and can be contacted at Invensys Pensions.

Consultation

Active members The Company has, for many years, maintained a successful communication process whereby it consults with Active Scheme members on a number of pension issues. Each participating employer in the Scheme has allocated to it one or more Members' Representatives who join with the Company and Pensioner Representatives to form the UKPCC (see table on page 10) 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 two of its Members' Representatives to become Directors of the Trustee.

Nomination of Directors

The Active members' route to the Board is through participation in the UKPCC, a forum set up by the Company at the inception of the Scheme. Active members of participating companies are invited to nominate themselves to sit on the UKPCC. Nominations must be proposed and seconded by Active members in the same company, and an election held as appropriate. The UKPCC then nominates at least two of its members to sit on the Board. Under the revised process final selection being made by the Governance & Audit Committee, for final approval by the Board.

As detailed on page 9, a change has taken place in the selection of Pensioner members to become MNDs. Any retired member of the Scheme in receipt of a pension may put themselves forward and their candidature must be supported by nominations from two other Pensioner members who are in receipt of an Invensys Scheme pension. A selection process is then carried out by the Governance & Audit Committee and final approval given by the Board.

Trustee training, knowledge and understanding

A Trustee training programme is in place which takes account of the particular needs of each Board member and the Committees on which they serve. Newly appointed Directors undertake a comprehensive induction programme. The Board's Training Policy then requires each Director to undertake a number of days' training each year based on their experience and requirements.

The members of the Investment Committee receive detailed training on investment strategy and related matters. The Chairman received additional development from her external board positions, covering the company sponsor covenant, accounting requirements, the annuity market, asset management, economic factors and retirement/longevity trends.

At each quarterly Board meeting a training session is undertaken by all Directors on a topic relevant to the following meeting.

The Board also use external training courses and seminars. Directors are encouraged to undertake the "Trustee Toolkit" training provided by the Pensions Regulator as well as the PMI Trustee Certificate of Essential Knowledge.

Trustee Director	Total Training Days 01.04.07 - 31.03.08
KA O'Donovan	2.25 days
AG Gajadharsingh	2.00 days
SC McDonnell	2.75 days
EK Whitfield	1.75 days
RG Walker	2.50 days
GR Gayfer	2.25 days
IR Fyfe	2.75 days
MJ Barker	1.25 days
AG Ferris	1.75 days

Trustee attendance

During the year ended 31 March 2008 the Board held four regular meetings on a quarterly basis and one extraordinary meeting. At all meetings there was a minimum of seven of the nine Directors present and over the whole year the Board achieved a 94% attendance record.

Trustee Directors attendance for year to 31.03.08	Investment Committee	Governance & Audit Committee	Board Meetings	Total attended 01.04.07- 31.03.08
Number of meetings held	10	5	5	
KA O'Donovan	10/10	–	5/5	15
AG Gajadharsingh	1/1	3/3	4/5	8
SC McDonnell	–	2/3	4/5	6
EK Whitfield	–	5/5	4/5	9
GR Gayfer	–	–	1/1	1
RG Walker	–	5/5	5/5	10
IR Fyfe	10/10	1/1	5/5	16
MJ Barker	–	4/5	5/5	9
AG Ferris	–	–	4/4	4
KF Ireland	–	–	3/4	3
J Rea	–	–	1/1	1

The above table indicates the number of meetings attended by each Board member compared to the number of meetings that the member was eligible to attend.

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 Scheme.

During the year ended 31 March 2008 the following payments were made:

Chairman – receives an annual salary of £62,640.

Pensioner Directors – receive a per diem rate.

Company Nominated Directors – are remunerated by the Company.

Member Nominated Directors – are remunerated by the Company.

Communication

The Board ensures that all members are communicated with on a regular basis. During the year the Scheme issued two newsletters and a Summary Funding Statement which was included with an Annual Review of the Scheme. The Scheme has a website www.invensyspensions.co.uk and members can contact the Scheme by e-mail as well as telephone and written enquiries.

Myners Principles

The Scheme has recognised and acted upon the principles contained in the Myners report and the subsequent report by HM Treasury in December 2004.

The Trustee is aware of recent proposals from the National Association of Pension Funds and a consultation document by the Department for Work and Pensions regarding the updating of the Myners Principles. In general the Trustee is supportive of these revised proposals and intends to comply with them. The Trustee looks forward to the final proposals being incorporated in future reports.

Socially responsible investment

Since July 2000, all pension funds have to express a view in their Statement of Investment Principles on how – if at all – they consider social, environmental and ethical matters in their investment strategies.

This area is sometimes referred to as "ethical investing". It requires the Scheme to reveal how it assesses investments in, for example, tobacco or arms companies; cosmetic and drug manufacturers that use animal testing; companies that pollute the environment; and those that have operations in countries with a poor human rights record.

In considering these issues the Trustee has to remind itself that its primary objective and, indeed, legal obligation is to ensure that the Scheme's assets are invested so that benefits due to each member can be paid as they arise. By specifically excluding any of the potential investments mentioned above, the Scheme may miss out on some of the better performing assets in the economy, with obvious consequences for the value and growth of the Fund.

Having given due consideration to these matters, the Trustee has concluded that responsibility for day-to-day selection must rest with the Scheme's investment managers. In turn, the investment managers must take social, ethical and environmental issues into account where they feel they will make a difference to fund performance. They must report their actions to the Trustee who will monitor the decisions taken on a regular basis. All managers report their actions to the Trustee on a quarterly basis and the Trustee ensures these decisions are monitored and reported upon.

Voting policy

In addition, pension schemes are also required to state their policy on the use of the voting rights that are available to them as significant holders of company shares. This is referred to as "corporate governance".

Having considered this issue, the Trustee has again concluded that the day-to-day responsibility for this should be delegated to the Scheme's investment managers since they have contact with the companies concerned and can vote in order to get best performance from the shares held. All managers report their actions to the Trustee on a quarterly basis and the Trustee ensures these decisions are monitored and reported upon.

For and on behalf of Invensys Pension Trustee Limited



Signed: KA O'Donovan
Chairman
30 July 2008

Investment report

The Scheme's investment strategy reflects the mature nature of the Scheme. At 31 March 2008, 98% of the Scheme's membership was in receipt of a pension in payment or held a deferred pension. This high level of maturity indicates the Scheme should operate an investment policy to ensure that the returns on assets meet the future known liabilities of the Scheme. The reduced risk implicit in such a strategy means that generally a lower return is targeted than in less mature schemes.

Given the mature nature of the Scheme, 80% of the assets are invested in bonds or "bond-like" instruments in order to seek to match the movement of the liabilities. This has been an ongoing policy of the Trustee over the last seven years. Over 35% have been invested in Government bonds, in order to seek to match the movement of the liabilities.

The Scheme's current investment objectives are to achieve investment returns that, together with the contributions paid by the Company and by members, ensure the assets of the Scheme are sufficient to meet the benefits due to each member and the expenses of the Scheme as they fall due over time.

Statement of Investment Principles

The Scheme's strategy and objectives, together with full details of the investment process are set out in the Statement of Investment Principles (V8.0). This document is updated regularly and the latest version was agreed in March 2008. A copy is available to members from Invensys Pensions.

Economic background and market review

The year to 31 March 2008 has been a highly volatile time for financial markets. The "credit crunch" and its consequent effects for investors, has been responsible for a general reduction in returns and a broader uncertainty around the economy as a whole.

The uncertainty is reflected in high variations in equity and bond prices, as concern grows as to the impact that the evolution of economic growth would have on prices. The last 12 months have proved a difficult time for UK pension schemes and their sponsors as well as the Bank of England and other central banks. In the midst of stories about the failures of banks and a worldwide economic slowdown very few days have past by without some discussion of the impact on retirement saving and provision.

Through this period the Scheme's investment strategy is designed to adopt a more defensive position to reduce the impact of the volatility in major financial markets.

There remains uncertainty over the period in which the volatility will continue. The Trustee will continue to monitor economic market trends.

Investment strategy

The investment strategy is to achieve a return consistent with the Scheme's Statement of Funding Principles, in order to ensure the assets of the DB Sections are sufficient to meet the benefits due to each member as they arise.

The Scheme moved in 2006/07 to a general investment strategy of 80% bonds, 20% higher performance assets. The bonds are included in a Matching Fund run by three Bond Investment Managers. During 2007/08, the higher performing assets were diversified to reduce risk in the investment portfolio. In the past the need for higher return assets was met through the allocation of a percentage of the portfolio to equities. This allocation has been reduced steadily over the years and stood at around 20% in 2006. The change in 2007 was to replace this exposure to equities with a broader portfolio of higher returning assets of different types, to diversify the risk as we cannot eliminate it altogether. Higher performing assets are now in four different groups, such as broad bonds, dynamic asset allocation and a fund of hedge funds as well as the remaining global equities. These are managed by eight investment managers, who are targeted against an absolute return above cash.

Significant portfolio changes

During April 2007, approximately £400m of UK and Global equities invested with UBS were sold and the proceeds after expenses and cash payments were invested as follows:

£m	Investment manager	Investment type
171	Fortis Investments	Dynamic Asset Allocation
70	Pioneer	Broad Bonds
70	Alliance Bernstein	Broad Bonds
40	Stone Harbor	Broad Bonds
42	BlackRock	Fund of Hedge Funds

During July and August 2007 the remaining equities held by UBS totalling £288m were transitioned and the proceeds allocated as follows:

£m	Investment manager	Investment type
180	Invesco	Absolute Return Equity
100	PSigma/ Société Générale	Equity Protection
8	Fortis Investments	Dynamic Asset Allocation

Investment manager mandates

The mandates agreed with the Investment Managers set out-performance targets over rolling three year periods and are shown in the table on page 18.

The Scheme specific liability benchmark is calculated by the Investment Adviser, using prevailing bond yields, to reflect the change in value of the projected future cashflows of the Scheme provided by the Scheme Actuary (this is consistent with the Scheme's Statement of Funding Principles).

In 2007 the Dynamic Asset Allocation, Equity and Broad Bond portfolios were measured against an absolute return benchmark of LIBOR plus 3-4%.

Investment Managers are able to use financial derivative instruments to meet their targets within controls set out in documentation agreed by the Trustee.

Investment Manager commentary and performance

The investments are managed, under the guidance of the Trustee and its Investment Adviser, by independent Investment Managers. The Scheme's Investment Managers are continuously reviewed over a 36 month rolling period. Longer periods of review are essential, as it enables managers to be judged throughout the business cycle.

However, in difficult economic times the assets under management can underperform and lead temporarily to an increased deficit. Since August 2007 the substantial market downturn has caused assets of all descriptions to suffer significant falls in value.

An investment return for the year of 4.7% did not meet the Scheme's objective of 10.3%. Over the last three years the assets have generated a return of 6.2% per annum against a Scheme target of 7.1%.

Many asset managers in the market place have underperformed their absolute benchmarks. We monitor that our managers performance is no worse than others. The Investment Committee has reviewed the managers using appropriate relative composite indices and currently consider no material change needs to be made. This relative performance will be kept under review.

The market values held by each manager as at 31 March 2008 are shown in the table on page 12.

New bond managers were introduced from 30 September 2004, with substantially changed mandates and this date is regarded as the start date for reviewing bond manager performance.

Subsequent changes have been made to the bond manager mandates and to the structure of the Higher Performance Fund. These changes give managers more flexibility in their use of financial instruments and are intended to help managers contribute to benchmark outperformance.

The table below excludes returns for the AVC and Protected Rights pooled funds, and is expressed on a basis including accrued income, which is shown within current assets in the Net Assets Statements (page 31) and Note 10 to the Financial Statements.

Custody arrangements

Trust Law and the Pensions Act 1995 impose a fiduciary duty on the Trustee to safeguard the assets of the Scheme. Since 2001 the Trustee has appointed a global custodian to hold the majority of the Scheme's assets that make up the various portfolios managed by the investment managers. Its provider from 1 September 2006 has been BNY Mellon Asset Servicing B.V. (previously named ABN AMRO Mellon). In the case of the Fund of Hedge Funds this work is undertaken by a separate custodian based in the United States (PFPC Inc).

The custodians are responsible for the safekeeping of assets and administration and ensuring that assets are only released with appropriate authorisation.

The administrative functions of the custodians include the settlement of transactions, the collection of income arising from the investments, recovery of any tax paid that is not due and the reporting of and accounting for the Scheme's

	Holdings at 31 March 2008		Investment return %			
	£m	% of Total	12 months to 31 March 2008		3 years to 31 March 2008	
			Actual %	Target %	Actual %	Target %
Matching Fund						
AXA	1,008	26.2	6.4	9.8	5.2	6.6
BGI	1,030	26.8	8.9	9.8	6.0	6.5
M&G	1,020	26.5	7.8	9.8	5.7	6.6
Matching Fund	3,058	79.5	7.8	9.8	5.7	6.6
Higher Performance Fund						
Invesco	166	4.3	(14.4)	7.1	–	–
PSigma/Société Générale	88	2.3	(11.8)	7.2	–	–
BlackRock	182	4.7	0.3	10.2	5.7	9.9
Alliance Bernstein	70	1.8	(0.6)	8.9	–	–
Pioneer	69	1.8	(1.7)	8.9	–	–
Stone Harbor	35	0.9	(11.9)	8.9	–	–
Fortis	182	4.7	2.9	9.9	–	–
Higher Performance Fund	792	20.5	(4.3)	12.3	7.0	9.1
Grand Total	3,850	100.0	4.7	10.3	6.2	7.1

investments. The Scheme uses some pooled and collective investment arrangements where the custody services are arranged through the fund provider.

The Trustee together with its Investment Adviser reviews the effectiveness of the custodial arrangements on a continual basis. The custodians are required to publish a report on their internal controls that has been audited by a third party auditor in accordance with agreed standards.

Largest investments

No individual equity investment constituted more than 5% of the Scheme's assets. An analysis of investments are shown in the Notes to the Scheme's financial statements on pages 32 to 38. The aggregate amount of sales and purchases of investments during the year are also shown in those Notes.

Additional voluntary contributions (AVCs)

The AVC scheme was closed to new accounts from April 2006. Existing contributors may continue to invest in their AVC accounts.

AVCs are invested separately from other Scheme assets to ensure there are individual funds for each member that are clearly identifiable. Members currently have the choice of investing in a number of funds provided by Prudential.

Members either invest with Prudential or, where they have joined the Scheme following amalgamation with other schemes, have been permitted to continue to invest with the AVC provider of their original scheme.

At the end of the year there were 122 active members with an AVC account (2007: 196). There were also 1,586 deferred members with AVC accounts. Details of the value of a member's AVC fund are provided annually on individual statements.

Funding position

The Scheme's funding position was agreed as at 30 September 2005 by the Trustee and the Company, with the Technical Provisions amounting to £4,107m, giving a Scheme deficit of £325m. The Scheme Actuary has reviewed this in an Actuarial Report as at 31 March 2007 which was issued to the Trustee at its meeting on 14 June 2007.

It describes the development of the Scheme's Technical Provisions and funding level over the period since the last valuation of the Scheme and should be considered in conjunction with the Report on the valuation as at 30 September 2005.

The 2007 Actuarial Report is not a formal valuation of the Scheme. However the Scheme Actuary confirmed that this report is consistent with the advice provided for the valuation. A summary of the 2007 Report can be found within the Scheme's Financial Statements for 2007.

An annual update will not be issued as at 31 March 2008 as a full valuation is being undertaken.

Review of the funding level

In accordance with the agreed Recovery Plan during the year the Scheme received the following deficit reduction contributions, from the Company.

30 September 2007	£10.0m
31 December 2007	£70.4m
24 January 2008	£2.3m
31 March 2008	£1.2m

In total, contributions (other than AVCs and the DC Section) of £96m were received by the Scheme from the Company over the period 1 October 2005 to 31 March 2008, of which £84m were in respect of the deficit. In addition, there were benefit and expense payments of approximately £220m, and market movements during the period (net of other cashflows) have increased the assets by £180m, resulting in Scheme assets of £3,884m as at 31 March 2008.

Recovery plan

Status

This recovery plan has been prepared by Invensys Pension Trustee Limited (the Trustee) after discussions with Invensys plc (the Employer) on 6 December 2007, after obtaining the advice of Steve Leake, the Actuary to the Scheme.

The actuarial valuation of the scheme as at 30 September 2005 revealed a funding shortfall (technical provisions minus value of assets) of £325,000,000.

Steps to be taken to ensure that the statutory funding objective¹ is met:

1 Deficit Reduction Contributions (DRCs)

To eliminate this funding shortfall, the Trustee and the employers have agreed that additional contributions (Deficit Reduction Contributions, DRCs) as shown below.

The following contributions have been paid by Invensys plc to date:

Paid by	Amount
31 March 2006	£105.0m
30 September 2006	£10.0m
31 March 2007	£10.0m
30 September 2007	£10.0m

The following contributions are due to paid by Invensys plc:

Due by	Amount
31 March 2008*	£10.0m
30 September 2008*	£18.0m
31 March 2009	£18.0m
30 September 2009	£18.5m
31 March 2010	£18.5m
30 September 2010	£19.0m
31 March 2011	£19.0m
30 September 2011	£19.5m
31 March 2012	£19.5m
30 September 2012	£20.0m
31 March 2013	£20.0m
30 September 2013	£20.5m
31 March 2014	£20.5m
30 September 2014	£21.5m

*or within 14 days of the completion of a disposal transaction involving APV Systems Limited and APV UK Limited if sooner.

2 Contributions on the disposal of an Invensys Business

2.1. On the disposal of an Invensys Business (where Invensys Business is a trade, or company or companies carrying on a trade, that forms or form part or all of an Invensys Business Group) Invensys will contribute "Additional Disposal Contributions" (ADCs) to the Scheme. Each ADC shall be calculated as 8% of the disposal proceeds net of tax and disposal costs. However, where an Invensys Business is sold that includes the sale of a participating employer, the ADC shall be the higher of (a) 8% of proceeds net of tax and disposal costs or (b) the debt on the participating employer arising or such amount as agreed in a withdrawal arrangement agreed by The Pensions Regulator.

To date the following ADCs have been received:

Date	Disposal	Amount
6 April 2006	Unknown	£0.13m
31 July 2006	Invensys Building Systems	£12.29m
10 October 2006	Barcol	£0.44m

2.2. In accordance with the rules of the Scheme, on completion of a disposal transaction involving APV Systems Limited and APV UK Limited before 30 September 2008, the debt on the participating employers (as referred to in 2.1) would be calculated as follows:

Due by	Payable by	Amount
Within 14 days of the completion date	APV Systems Limited*	£10.6m
Within 14 days of the completion date	APV UK Limited*	£31.8m
30 September 2008	Invensys plc*	£10.0m

*or, at Invensys plc's discretion, by Invensys plc and /or any subsidiary of Invensys plc

2.3. In accordance with the rules of the Scheme, the debt on the participating employer (as referred to in 2.1) as a result of a disposal before 30 September 2008 of one of companies in the Invensys Business Group listed below shall be the greater of 20% of proceeds net of tax and disposal costs and the following amounts:

Company	Amount
IMServ Europe Limited	£5.1m
Eurotherm Limited	£30.2m
Invensys Controls UK Limited	£24.5m

¹The statutory funding objective is defined in section 222 of the Pensions Act 2004. Every scheme must have sufficient and appropriate assets to cover its technical provisions.

2.4. Where an Invensys Business is sold that does not include a participating employer, and the proceeds of sale are less than £1,000,000, no ADC shall be made to the Scheme.

2.5. In addition an ADC shall only become payable to the extent that the sum of all DRCs paid under clause 1 above, ADCs previously paid under clauses 2.1, 2.2 and 2.3 and the ADC in question does not exceed £325m. This clause 2.5 will not apply if the ADC is a debt on a participating employer or such amount as agreed in a withdrawal arrangement agreed by The Pensions Regulator.

2.6. In this clause 2 a disposal shall include a series of transactions involving the disposition of trades or companies forming an Invensys Business, where those dispositions are linked, whether or not they complete simultaneously. Invensys Business Group means one of the groups of businesses managed as Invensys Process Systems, Wonderware, Invensys Rail Systems, Invensys Controls, Eurotherm and APV.

Period in which the Statutory Funding Objective should be met

If the disposal transaction involving APV Systems Limited and APV UK Limited is completed by the end of December 2007 then the funding shortfall is expected to be eliminated in 5 years and 4 months, which is by 31 March 2013. If this transaction is not completed the funding shortfall is expected to be eliminated in 6 years and 10 months, which is by 30 September 2014. This expectation is based on the following assumptions:

- technical provisions calculated according to the method and assumptions set out in the statement of funding principles dated 28 March 2006
- the return on existing assets and the return on new contributions during the period as set out in the statement of funding principles dated 28 March 2006 for the calculation of technical provisions and applicable to that period.
- There are no future business sales in the period, other than the disposal transaction involving APV Systems Limited and APV UK Limited (where applicable).

Progress towards meeting the Statutory Funding Objective

If the disposal transaction involving APV Systems Limited and APV UK Limited is completed by the end of December 2007 then it is expected that over 50% of the funding shortfall will be met within 2 months, which is by 31 January 2008. If this transaction is not completed it is expected that over 50% of the funding shortfall will be met in 1 years and 4 months, which is by 31 March 2009.

This Recovery Plan was agreed by the Trustee at its meeting on 6 December 2007.

Signed on behalf of
Invensys Pension Trustee Limited

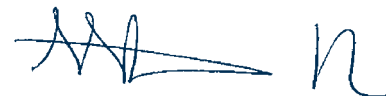


Director

6 December 2007

This Recovery Plan has been agreed by the employers:

Signed on behalf of
Invensys plc and the other Employers



Director

6 December 2007

This Recovery Plan has been agreed by the Trustee of the Invensys Pension Scheme after obtaining actuarial advice from:

Signed



Steve Leake
Actuary to the Invensys Pension Scheme

6 December 2007

Scheme governance

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

The Trustee has a Governance & Audit Committee with the following key duties and responsibilities:

- 1 To identify risks to the Scheme.
- 2 To review the management of these risks and to propose improvements.
- 3 To document and audit Scheme decision making processes and practice.
- 4 To review the performance of the Trustee, its Committees, the Scheme's administrators and its advisers in meeting the Scheme's governance standards.
- 5 To obtain advice and to make recommendations to the Trustee in relation to Scheme governance.
- 6 To review and approve work undertaken by the Scheme's auditors.

Trustee policies

The Trustee has set out the Scheme's policies in relation to such items as Trustee training, the appointment and review of professional advisers, the delegation of authorities and action regarding fraud. The Trustee will continue its process of formalising its procedures during the coming year, and will control and audit the management of the Scheme in line with these policies.

The management of Scheme risk

The Trustee has overall responsibility for internal control and risk management. It is committed to identifying, evaluating and managing risk and to implementing and maintaining control procedures to reduce significant risks to an acceptable level.

This is undertaken by the use of a "Risk Register" that identifies and prioritises risk and then formulates mitigating action to reduce the overall Scheme risk. This Register is reviewed annually by the Governance & Audit Committee.

The objective of the Trustee's risk policy is to limit the exposure of the Scheme's assets for which it is responsible and for safeguarding them against financial, operational, compliance and other risks.

Audit function and processes

A financial audit is performed annually by the Scheme's auditors who report initially to the Governance & Audit Committee and where appropriate to the Board on any issues that arise from this audit. An internal audit of the Scheme's administrative control processes and procedures has been conducted during the year under review by an external body.

Compliance statement

The Scheme is a registered pension scheme and the Trustee knows of no reason why such status should be prejudiced or withdrawn.

Trust Deed and Rules

On 28 March 2006, the Trustee and the Company signed the Third Definitive Trust Deed and Rules of the Scheme. The new Trust Deed and Rules brought the Scheme up to date with current legislation and amalgamated a number of Deeds of Amendment that had occurred since the Second Definitive Deed and Rules were completed in 1995.

Copies of the new Trust Deed and Rules are available to members on request to Invensys Pensions. Please note that an appropriate copy charge will be made.

Contributions

The Trustee collects contributions from employers who participate in the Scheme. A number of employers operate from several distinct locations with their own independent payroll and differing payment patterns.

During the year no reports had to be made to the Pensions Regulator in respect of late payments of contributions.

A revised Schedule of Contributions was signed on 6 December 2007. A Summary of Contributions is shown on page 28.

Pension increases and transfer values

Under the Scheme Rules pensions in payment (except for the Guaranteed Minimum Pension (GMP) portion) are increased annually by reference to the percentage change in the Retail Prices Index (RPI) over a 12 month period measured to the end of December in each year. For members who joined the Scheme before 6 April 2000, the increase will generally be a minimum of 3% and a maximum of 5%. In the past increases have been augmented by a series of discretionary

bonuses paid between 1988 and 2001 (subject to Scheme and HM Revenue & Customs limits). These bonuses have been:

Discretionary bonus awards

1988	10%
1990	5-25% depending on retirement date (average 16%)
1992	5%
1995	4-50% depending on retirement date (average 5.5%)
1998	4%
2001	3%

Over the period since 1988, pension increases and bonuses 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 that are based on RPI movements between September and September. These increases apply solely to pensioners who have reached State pension age.

The percentage change in RPI for the year to 31 December 2007 was 4.0%, resulting in payment in pensions being generally increased by this percentage on 1 April 2008. GMPs in payment and related to the period 6 April 1988 to 5 April 1997 were increased by 3.0% on the same date.

Statutory cash equivalent transfer values are calculated in accordance with the provisions of the Pensions Scheme Act 1993 on a basis agreed between the Trustee and the Actuary.

Disputes and complaints procedure

Invensys Pensions operates an Internal Dispute Resolution Procedure in accordance with the provisions of the Pensions Act 1995. Before a formal complaint is considered members are advised to contact Invensys Pensions to see if the matter can be resolved informally.

During the course of the year under review no formal complaints were received by Invensys Pensions on behalf of the Trustee. Details of the procedure are available from Invensys Pensions whose address is given on page 39.

Statement of Trustee's responsibilities

The Scheme's Trustee is responsible for obtaining audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for making available certain other information about the Scheme in the form of an Annual Report.

The financial statements are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

- show 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 that year of the 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, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (revised November 2002).

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable to the Scheme by or on behalf of the Company and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the Company in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Independent auditors' report

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 2008 which comprise the fund account, the net assets statement and the 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 Regulation 3 (c) 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 to it 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 auditor

As described in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for obtaining an Annual Report, including audited financial statements prepared in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements show 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 report to you if, in our opinion, we have not received all the information and explanations that we require for our audit, or the information specified by law is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the financial statements. The other information comprises Chairman's Review, Trustee Board, Scheme Advisers, Trustee's Report, Investment Report, Funding Position, Recovery Plan, Scheme Governance, Compliance Statements, Actuarial Certificates, Members' Information and Glossary.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by 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.

Opinion

In our opinion:

- the financial statements show a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial transactions of the Scheme during the Scheme year ended 31 March 2008, 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
- the financial statements contain the information specified in Regulation 3 of and the Schedule to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.



Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

1 August 2008

Independent auditors' statement about contributions

Independent Auditors' Statement about Contributions, under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustee of the Invensys Pension Scheme.

We have examined the Summary of Contributions to the Invensys Pension Scheme in respect of the Scheme year ended 31 March 2008 to which this statement is attached.

This statement is made solely to the Trustee, as a body, in accordance with Regulation 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 work has been undertaken so that we might state to the Trustee those matters we are required to state it in an auditors' statement 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 work, for this statement, or the opinion we have formed.

Respective responsibilities of Trustee and auditor

As described in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Scheme's Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions.

Our responsibility is to provide a statement about contributions paid under the Schedule of Contributions and to report our opinion to you.

Basis of statement about contributions

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to give reasonable assurance that contributions reported in the attached Summary of Contributions, have in all material respects been paid at least in accordance with the relevant requirements. For this purpose the work that we carried out included examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions. Our statement about contributions is required to refer to those breaches of the Schedule of Contributions which come to our attention in the course of our work.

Opinion

In our opinion the contributions payable to the Scheme during the year ended 31 March 2008, as reported in the attached Summary of Contributions, have, in all material respects, been paid in accordance with the Schedules of Contributions certified by the Scheme Actuary on 2 April 2007 and 6 December 2007.



Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

1 August 2008

Summary of contributions

Invensys Pension Scheme. Summary of contributions payable during the year ended 31 March 2008.

During the year ended 31 March 2008 the contributions payable to the Scheme under the Schedule of Contributions were as follows:

	£000
Employer SMART contributions	10,618
Employer normal contributions	1,234
Employer special contributions	38,000
Employee normal contributions	627
Death benefit levy	58
Total contributions under Schedule of Contributions	50,537
Other contributions	
Employer special contributions	45,900
Employee additional voluntary contributions	234
Total contributions per Note 3 of the financial statements	96,671

The employer's special 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.

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.

Following an agreement with the Company on 28 March 2006, a new Schedule of Contributions was agreed, which increased Company contributions to 24.3% of members' Pensionable Pay from 1 April 2006.

A Schedule of Contributions was agreed on 31 March 2007 and reduced the future Company contributions to 19.3% of members' Pensionable Pay from 1 April 2007. The contributions for the vast majority of members were increased by 5% of Pensionable Pay from the same date and include contribution details for the new DC Section from that date.

The current Schedule of Contributions was effective from 1 December 2007 and provides for the future Company contributions to reduce to 16.3% of members Pensionable Pay from 1 April 2008. Again the contributions of the majority of members will be increased by 3% of Pensionable Pay from the same date.

Signed on behalf of the Trustee



30 July 2008

Actuary's certificate of the calculation of Technical Provisions

Name of scheme: **Invensys Pension Scheme**

Calculation of Technical Provisions

I certify that, in my opinion, the calculation of the Scheme's Technical Provisions as at 30 September 2005 is made in accordance with regulations under Section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the Statement of Funding Principles dated 28 March 2006.

Signature



28 March 2006

David Cule
Fellow of the Institute of Actuaries

Punter Southall & Co Ltd
Tempus Court
Onslow Street
Guildford
Surrey GU1 4SS

Actuary's certificate of Schedule of Contributions

Name of scheme: **Invensys Pension Scheme**

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that:

The Statutory Funding Objective could have been expected on 30 September 2005 to be met by the end of the period specified in the Recovery Plan dated 6 December 2007.

Adherence of Statement of Funding Principles

1. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 28 March 2006.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature



21 December 2007

Steve Leake
Fellow of the Institute of Actuaries

Punter Southall & Co Ltd
Tempus Court
Onslow Street
Guildford
Surrey GU1 4SS

Fund account

for the year ended
31 March 2008

	NOTES	31 March 2008 £000	31 March 2007 £000
Contributions and benefits			
Contributions receivable	3	96,671	47,936
Members' transfers-in	4	11,223	875
		107,894	48,811
Benefits payable	5	(210,804)	(202,252)
Payments to and on account of leavers	6	(5,087)	(23,996)
Administrative expenses	7	(4,117)	(3,996)
		(220,008)	(230,244)
Net withdrawals from dealings with members		(112,114)	(181,433)
Returns on investments			
Investment income	8	128,015	140,826
Change in market value of investments		46,311	(117,017)
Investment management expenses	12	(6,168)	(6,076)
Net returns on investments		168,158	17,733
Net increase/(decrease) in the fund during the year		56,044	(163,700)
Net assets at beginning of year		3,838,482	4,002,182
Net assets at end of year		3,894,526	3,838,482

Net assets statement

as at 31 March 2008

	NOTES	31 March 2008 £000	31 March 2007 £000
Investments	10		
Fixed interest securities		1,580,534	1,950,951
Equities		344,947	825,065
Index-linked securities		851,905	1,198,727
Managed and unitised funds		789,099	18,217
Cash items		231,767	(225,985)
Derivatives		36,920	–
AVCs & transfer-in investments	11	10,039	10,617
Other		(818)	6,949
DC Section		393	–
		3,844,786	3,784,541
Fixed assets	14	48	57
Current assets and liabilities	9	49,692	53,884
Fund at end of year		3,894,526	3,838,482

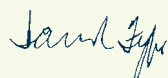
These financial statements were approved by the Trustee on 30 July 2008.

Signed on behalf of Invensys Pension Trustee Limited:

KA O'Donovan



IR Fyfe



Directors
30 July 2008

Notes to the financial statements

1 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 (SORP), Financial Reports of Pension Schemes 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 statements by the Scheme Actuary on page 29 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

Income is accounted for on an accruals basis. In particular, dividends are accrued on securities which are quoted ex dividend as this recognises that the entitlement to dividend has been earned.

Foreign income is translated into sterling at the rate ruling on the date of the transaction.

Where income from pooled investment vehicles is retained within the investment vehicle it is reflected as part of the underlying value of the investment.

b Investment manager fees

Investment manager fees are accounted for on an accruals basis and are 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 unitised investments is taken as the average offer bid and offer price of units. Unquoted securities are included at market value at the advice of the investment managers.

Stock index futures contracts are valued at market prices at the year end and have been reflected in the accounts on the basis of associated economic exposure. The corresponding liability is included in cash deposits.

The associated economic exposure of a futures contract is the value of an amount of securities which, if held as an alternative to the futures contract, would provide a similar return in the market to that obtained on the futures contract. All gains and losses on contracts are included in the net movement in market value of investments.

Where forward sales or purchases of foreign currency have been made as either a hedge against exposure on foreign currency investments, or to acquire foreign currency exposure, any unrealised profit or loss at the year-end, measured by the difference between the forward rate to maturity and the contract rate, is included in the net movement in market value of investments. Realised gains and losses on forward contracts maturing during the year are also included in the net movement in market value of investments.

d Transfers

Provision is made in the financial statements in respect of transfers payable or receivable if consent was given by 31 March 2008.

e Taxation

The Scheme is a registered 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.

f Contributions receivable

SMART (see Note 3), employers' 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 Scheme Actuary. Members' AVCs are accounted for on an accruals basis.

g Fixed assets

With effect from 1 April 2004 the Scheme became responsible for the purchase and control of all fixed assets. Prior to this date assets used by the Scheme were purchased by Invensys plc and a charge was made for their use. The Scheme has revised its fixed assets and depreciation procedure in line with this change.

3 Contributions receivable

	DC Scheme included in 2008 £000	31 March 2008 £000	31 March 2007 £000
Employers' – special		83,900	32,868
– normal	24	1,234	1,861
– SMART	376	10,618	12,506
Members' – normal	13	627	376
– AVCs		234	325
Death benefit levy		58	–
		96,671	47,936

The Schedule of Contributions requires contributions to be paid to the Trustee by the participating employers or the Company by the 19th of the month following deduction.

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 employers' 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.

SMART contributions refer to payments made by the employer on behalf of members under a salary sacrifice arrangement. These arrangements were introduced in April 2006.

4 Members' transfers-in

	31 March 2008 £000	31 March 2007 £000
Group transfers-in from other schemes	77	875
Bulk transfer in	11,146	–
	11,223	875

The Trustee suspended the acceptance of individual transfers-in in 2001.

The bulk transfer-in relates to the Invensys (Protected Rights) Pension Scheme and the Eurotherm Pension Scheme which were merged with the Invensys Pension Scheme on 31 March 2008.

5 Benefits payable

	31 March 2008 £000	31 March 2007 £000
Pensions	195,590	185,505
Lump sums payable on retirement	13,811	15,292
Capital sums payable on death	1,403	1,455
	210,804	202,252

Notes to the financial statements

continued

6 Payments to and on account of leavers

	31 March 2008 £000	31 March 2007 £000
Group transfers to other schemes	–	198
Individual transfers to other schemes	3,994	22,744
AVC scheme withdrawals	1,094	974
State scheme premiums for leavers	(12)	63
Contribution refunds	11	17
	5,087	23,996

7 Administrative expenses

	31 March 2008 £000	31 March 2007 £000
Administration and data processing	1,768	1,860
Pension Protection Fund levy	1,024	679
Actuarial fees	632	712
Auditor's fees	65	68
Legal and other professional fees	591	641
Directors' fees	37	36
	4,117	3,996

8 Investment income

	31 March 2008 £000	31 March 2007 £000
Income from fixed interest securities	72,544	81,617
Dividends from equities	9,077	23,693
Income from index-linked securities	31,515	33,327
Pooled investment vehicles	1,481	86
Interest on cash deposits	13,259	2,049
Other	139	54
	128,015	140,826

9 Current assets and liabilities

	31 March 2008 £000	31 March 2007 £000
Pensions paid in advance	15,291	14,815
Accrued interest and dividends	26,828	34,411
Employer contributions due	957	1,148
Other debtors	142	5,253
Cash and deposits	12,832	8,309
State scheme premiums payable	–	(75)
Lump sum benefits payable	(671)	(2,729)
Other creditors	(5,687)	(7,248)
	49,692	53,884

10 Investments

	As at 31 March 2007 £000	Purchases £000	Sales £000	Market value movement £000	As at 31 March 2008 £000
Equities	825,065	1,253,121	(1,686,648)	(46,591)	344,947
Fixed interest	1,950,951	1,137,461	(1,239,033)	(268,845)	1,580,534
Index-linked	1,198,727	424,390	(894,352)	123,140	851,905
Pooled investment vehicles	18,217	1,131,818	(358,723)	(2,213)	789,099
Derivatives	–	–	–	36,920	36,920
Other	6,949	–	–	(7,767)	(818)
AVCs	10,617	285	(1,216)	353	10,039
DC Section	–	414	–	(21)	393
	4,010,526	3,947,489	(4,179,972)	(165,024)	3,613,019
Cash deposits	(5,997)				283
Cash instruments	43,570				231,484
Cash backing futures	(263,558)				
	3,784,541				3,844,786

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. However, this does not take account of the change in market value of the cash items which are included in the change in market value in the Fund Account on page 30, reflecting the treatment of cash instruments relating to the Scheme's derivative platform.

The change in value of the cash items comprises profit and loss on foreign exchange, exchange rate fluctuations and cash derivative movements.

Notes to the financial statements

continued

10 Investments continued

	31 March 2008 £000	31 March 2007 £000
Fixed interest securities		
UK public sector quoted	556,608	1,161,601
Overseas public sector	(145,396)	250,459
Corporate bonds	1,169,322	538,891
	1,580,534	1,950,951
Equities		
UK quoted	14,455	311,535
Overseas quoted	148,937	373,667
	163,392	685,202
BlackRock Fund of Hedge Funds	181,555	139,863
Index-linked securities		
UK	802,099	1,198,727
Overseas	49,806	–
	851,905	1,198,727
Pooled investment vehicles	789,099	18,217
Derivatives		
Options	7,606	–
Futures	4,379	–
Swaps	32,706	–
Forward foreign exchange contracts	(7,771)	–
	36,920	–
Cash deposits		
Cash instruments	231,484	(263,558)
Sterling	97	43,570
Foreign currency	186	(5,997)
	231,767	(225,985)
Other		
Amounts receivable in respect of investments sold	22,170	18,896
Amounts payable in respect of investments purchased	(22,988)	(11,947)
	(818)	6,949
Total	3,834,354	3,773,924

11 Additional Voluntary Contributions (AVCs)

The Trustee offers contributing members the opportunity of paying AVCs to the Prudential although the ability to open new accounts ceased in April 2006.

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

Members, where applicable, 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

	Prudential	Equitable Life	Other	Total
31 March 2007	1,112	706	246	2,064
31 March 2008	1,022	666	240	1,928

Funds

	Prudential £000	Equitable Life £000	Other £000	Total £000
Members' funds at 31 March 2007	5,340	3,528	1,749	10,617
Contributions/transfers-in	269	–	15	284
Interest and bonuses	165	132	56	353
Withdrawals/transfers-out	(721)	(284)	(210)	(1,215)
Members' funds at 31 March 2008	5,053	3,376	1,610	10,039

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

12 Investment management fees

	31 March 2008 £000	31 March 2007 £000
Administration, management and custody	6,158	6,060
Performance measurement services	10	16
Total	6,168	6,076

13 Related party transactions

Three Trustee Directors are in receipt of a pension from the Scheme and another is a deferred pensioner. Three Directors are in receipt of remuneration from the Scheme. All Directors claim reimbursement of related expenses.

At the date of this report, a further three Trustee Directors were Active members of the 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.

Notes to the financial statements

continued

14 Fixed assets

	Office equipment £000	Computer hardware £000	Computer software £000	Motor vehicles £000	Total £000
Cost:					
As at 1 April 2007	11	139	42	23	215
Additions	–	27	4	–	31
As at 31 March 2008	11	166	46	23	246
Depreciation:					
As at 1 April 2007	3	116	34	5	158
Provided during the year	2	26	7	5	40
As at 31 March 2008	5	142	41	10	198
Net book value:					
As at 31 March 2008	6	24	5	13	48
As at 1 April 2007	6	23	8	18	57

Members' information

Please keep the Scheme informed if you change your address. If you are a pensioner or a deferred member a form is available from Invensys Pensions or the website for you to complete. For active members please contact your HR Department.

Scheme administration

Invensys Pensions
Higham House
New Bridge Street West
Newcastle upon Tyne
NE1 8AN

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.

The Scheme's website at www.invensyspensions.co.uk provides more detailed information on the Scheme for members who have access to the internet.

Events calendar

Date	Event
August 2008	Issue of Scheme Report and Accounts
October 2008	Issue of Autumn 2008 Pension news
31 March 2009	End of Scheme financial year
April 2009	Issue of Spring 2009 Pension news

Website links

The links below have been chosen to provide you with a wealth of information on pensions. Invensys Pensions is not responsible for the content or reliability of linked websites. Linking should not be taken as an endorsement of any kind. Please note that we cannot guarantee that these links will work all of the time and we have no control over the availability of the linked pages.

Association of British Insurers

www.abi.org.uk

Association of Consulting Actuaries

www.aca.org.uk

Department for Work and Pensions

www.dwp.gov.uk

Financial Services Authority

www.fsa.gov.uk

The Actuarial Profession

www.actuaries.org.uk

HM Revenue & Customs

www.hmrc.gov.uk

Invensys plc

www.invensys.com

The Pensions Advisory Service

www.pensionsadvisoryservice.org.uk

Pensions Policy Institute

www.pensionspolicyinstitute.org.uk

The Pensions Management Institute

www.pensions-pmi.org.uk

The Pensions Ombudsman

www.pensions-ombudsman.org.uk

Pension Protection Fund

www.pensionprotectionfund.org.uk

Good Practice in Workplace Pension Provision

www.pensionsatwork.org.uk

The Pensions Regulator

www.thepensionsregulator.gov.uk

Glossary

Accrual rate The rate at which benefits build up for each year of pensionable service in a final salary scheme.

Accrued benefits These are benefits that have built up for service up to a certain date and are calculated in relation to pensionable earnings.

Active member A member of a scheme who is presently accruing benefit under that scheme in respect of current service.

Actuarial assumptions The actuary's view of the future trends that will affect the Scheme's assets and liabilities.

Actuarial certificate This is required to be given by the actuary in certain circumstances, e.g. if there is a surplus or if there is a bulk transfer.

Actuary An actuary advises on financial questions involving probabilities relating to mortality and other contingencies. In relation to pension schemes, an actuary is a professional adviser who must be appointed by trustees under the Pensions Act 1995. The actuary assists the trustees (or managers) of a scheme on funding issues and conducts a regular actuarial valuation. Actuaries must be members of the Institute of Actuaries or the Faculty of Actuaries.

Additional voluntary contributions (AVCs) Members can make AVCs to their occupational scheme. This enables them to have top-up benefits.

Basic State pension This is the State pension which is paid to all those who have met the minimum National Insurance contribution requirements and is not related to earnings, unlike the state second pension.

Beneficiary A person entitled to benefit under a pension scheme or who will become entitled on the happening of a specific event.

Closed fund This is a scheme which does not admit new members or receive contributions although benefits are still paid to existing members.

Contracted out/contracted in A pension scheme is contracted out where it provides benefits in place of the State Second Pension in exchange for paying lower National Insurance contributions and has been given a contracting out certificate or appropriate scheme certificate by HM Revenue & Customs.

Contributions The regular amounts paid into a scheme by a member and the regular and lump sum payments made by an employer to the scheme.

Corporate governance Corporate governance is the increasingly important principle that shareholders should take more than just a simple financial interest in their shareholdings. The rise of the institutional shareholder, especially the pension fund shareholder, has meant that the balance of power between shareholder and management has swung in favour of shareholders. Corporate governance principles are now often expressed in customer agreements, so that investment managers are required to consider shareholders' votes (called "proxy votes") when they can.

Deed of amendment A legal document that amends the scheme's trust deed and rules.

Deficit The amount by which the value of future liabilities is greater than the value of the assets of the scheme.

Early leaver (deferred member) This is a person who ceases to be an active member of a pension scheme, but does not receive their pension immediately.

Equity markets Stockmarkets throughout the world where you are able to buy and sell companies' stocks and shares.

Fully funded The point when the value of the scheme's assets meet its future liabilities.

Fully funded scheme A scheme that has a 100% funding level.

Governance The management and control of a scheme.

Liability matched benchmark A rate of return expected from the assets that will match the change in the scheme's liabilities.

Mortality The expected average time over which a pension will have to be paid.

Myners review The Myners review investigated the investment practice of pension schemes. The report, which was published on 6 March 2001, raised several concerns for pension schemes including the redefinition of the prudent man rule to raise it to a higher level, changes to standard benchmarks, and a review of the measurement of investment performance and whether soft commissions should be permitted in the future.

Pension Protection Fund A fund set up under the Pensions Act 2004 that will provide pension payments, at a reduced rate, for pension schemes of insolvent companies.

Pensioner This is a person who is currently receiving a pension from a scheme.

Remuneration In final salary schemes the amount of pension earned is invariably related to the amount of salary; HM Revenue & Customs calls this "remuneration". So far as scheme rules or an employer's policy is concerned, it can include or exclude bonuses, commission and other "fluctuating emoluments". However, HM Revenue & Customs rules also apply, and insist that final remuneration can only be determined on the basis of the amount earned in a particular year, regardless of the fact that it may actually be received and assessed for tax in a subsequent year, i.e. calculated on an "earned" rather than a "paid" basis.

Schedule of Contributions A formal agreement between the company and the trustee(s) which states the level of contributions to be paid to the scheme by the company and the members in the future.

Scheme actuary This is the named actuary appointed by the trustees or managers of an occupational pension scheme under Section 47 of the Pensions Act 1995.

Scheme deficit/surplus The difference between the assets and liabilities of the scheme as assessed by the actuary at a valuation using a series of assumptions, that may give different results depending on the basis of the assumptions.

Scheme maturity The relative number of active members with future benefits to accrue, compared to the number of deferred members and pensioners with known benefits.

SERPS/Additional State pensions This is the State Earnings Related Pension, an extra State pension that employed people could earn, up to 5 April 2002, by paying extra National Insurance contributions once their earnings reached the lower earnings limit. Earners could choose to contract out of SERPS by joining an appropriate occupational or personal pension scheme, which provides alternative and equivalent benefits. SERPS was replaced by the State Second Pension from 6 April 2002.

State Second Pension (S2P) Also known as S2P, the State Second Pension is an additional State pension, which replaced SERPS. There are two main differences with SERPS. First of all earners below the low earnings limit will have pension credits as though they were earning up to the low earnings limit. Secondly, it is a flat rate, rather than an earnings related scheme.

Surplus The amount by which the value of the scheme's assets is greater than its future liabilities.

Technical provisions A prudent estimate, made on actuarial principles, of the assets needed at any particular time to make provision for benefits already accrued under the scheme. These include pensions in payment (including those payable to survivors of former members) and benefits accrued by other members which will become payable in future.

Valuation An exercise undertaken to assess the scheme's assets and to determine its ability to meet its future liabilities.

Revisit

Find out more about your
pension scheme by visiting:
www.invensyspensions.co.uk

Invensys Pensions
Higham House
New Bridge Street West
Newcastle upon Tyne
NE1 8AN

Phone: 0191 206 1035

Fax: 0191 206 1011

e-mail: enquiries@invensyspensions.co.uk