

**ROCKWELL AUTOMATION LIMITED**

**Report and Financial Statements**

**30 September 2009**

TUESDAY



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**ROCKWELL AUTOMATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS 2009**

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**ROCKWELL AUTOMATION LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

B A Watson  
D Molloy

**REGISTERED OFFICE**

Kiln Farm  
Milton Keynes  
Buckinghamshire  
MK11 3DR

**BANKERS**

Barclays Bank plc  
One Churchill Place  
London  
E14 5HP

**AUDITORS**

Deloitte LLP  
Chartered Accountants & Statutory Auditors  
St Albans  
United Kingdom

# ROCKWELL AUTOMATION LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2009

### PRINCIPAL ACTIVITY

The principal activity of the company is provision of electronic automation and control equipment and solutions for industrial applications acting as a sales and marketing agent, manufacturer and assembler

### BUSINESS REVIEW AND FUTURE PROSPECTS

The majority of the company's selling activities continue to be conducted as an agent for an associated company in the Netherlands under arrangements which provide for the company to receive an assured commission. Since its acquisition in September 2008, the safety business has contributed positively to operating earnings. The company's power applications manufacturing business continued to face difficult trading conditions and in March 2010, the business was transferred to the associated company in the Netherlands. Overall the company reports an improved operating performance compared to the prior year. This profit improvement is negated by the adverse funding situation of the pension scheme which results in a significant increase in the reported accumulated losses.

The company remains committed to its goal of being the most valued provider of power, control and information solutions and is confident that its current programmes will contribute towards meeting this goal and growing its business.

The directors are not aware, at the date of the report, of any other major changes in the company's activities in the next year.

As shown in the company's profit and loss account on page 7, the company's 12 month period sales have increased to £45,465,000 from £41,620,000 prior year. This is primarily due to the sales of the products of the safety business acquired from EJA Ltd in 2008.

Before the accounting impact of FRS 17 (gain £294,000) the operating profit for the year is £5,438,000 compared to an operating loss in the prior year of £799,000, before FRS 17 adjustment (loss £1,000,000). Before the impact of FRS 17 (gain £307,000), there was a profit after tax for the year of £2,234,000 compared to £1,385,000 loss in the prior year, before FRS 17 adjustment (loss £93,000). The improvement in profits include the impact of the prior year's cost of impairment of goodwill, the increase in profit from sales of the safety business and the royalty earned on the safety business, less higher interest cost and amortisation of goodwill both resulting from the acquisition of the safety business.

The balance sheet on page 8 of the financial statements shows that the company's net liabilities at the year end have increased by £9,472,000, from £1,355,000 to net liabilities of £10,827,000. Before the impact of the FRS 17 adjustment, the company's net assets increased by £2,419,000, from £1,745,000 to £4,164,000 reflecting improved profit after tax.

Trade debtors and creditors were reduced by £672,000 and £1,041,000 respectively during the year to 30 September 2009. During the year, the net payable to the group undertakings was £7,183,000 (creditor £29,306,000 less debtor £22,123,000) reduced by £2,491,000, compared to the net payable of £9,674,000 in the prior year, reflecting the improvement in profitability.

Movements in the tangible fixed assets are set out in note 10 to the financial statements.

Under FRS 17, the amount of Rockwell Automation Pension Scheme deficit, net of deferred tax included at September 2009 is £14,991,000 (September 2008, £3,100,000) as detailed on note 17. The ultimate parent Rockwell Automation Inc, continues to support any scheme deficit and has committed to enable the company for meeting any liabilities arising from the pension scheme deficit.

### PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties, including stock obsolescence cash flow from debtors and bad debts, are minimised, due to the majority of the business being conducted with group companies, most of which is under an agency agreement providing cost recovery plus margin. A foreign exchange forward contract is in place to hedge a Euro loan payable.

# ROCKWELL AUTOMATION LIMITED

## DIRECTORS' REPORT (continued)

### PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Rockwell Automation Limited is a wholly owned subsidiary, whose ultimate parent is Rockwell Automation Inc, a company incorporated in USA. The company and fellow European subsidiaries operate as part of the group's European region. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

### GOING CONCERN

The company is integral to the operations of the European, Middle East and African region, of its ultimate parent, Rockwell Automation Inc, a company quoted on the New York Stock Exchange. In determining whether the company's financial statements should be prepared on a going concern basis, the directors considered all the factors likely to affect its future development, performance and its financial position including funding and the risks and uncertainties applicable to its business activities. The key factors are:

- The intention of the ultimate US parent company to continue trading in Europe and key markets, including UK and its financial strength to continue trading during the current uncertain conditions and to benefit as markets recover.
- The adverse impact of the current economic climate on forecast sales in the immediate future and the steps necessary to mitigate the effect on profits.
- The ability of the parent to provide funding required to continue trading for the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### DIVIDENDS AND TRANSFERS TO RESERVES

No dividend has been proposed (2008 £nil)

The profit for the financial year of £2,541,000 (2008 loss £1,478,000) has been retained within reserves.

### EMPLOYEES

Details of the number of employees and related costs can be found in note 3 to the financial statements on page 12.

The Company has arrangements for providing information to employees together with consultation and involvement in the Company's performance.

The Company's policy towards disabled persons is to provide full and fair consideration for all types of vacancies and to provide equal opportunities for training, career development and promotion in line with aptitudes and abilities. This policy also applies to the continuing employment and training of employees who become disabled.

### CREDITOR PAYMENT POLICY

It is the company's policy to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. The average creditor payment period at 30 September 2009 was 19 days (2008 27 days).

### DIRECTORS

The following directors have held office for the year ended 30 September 2009 and subsequently:

C M Griffin	(Resigned 13 October 2009)
F J H C Hendrickx	(Resigned 3 December 2009)
B A Watson	(Appointed 1 December 2009)
D Molloy	(Appointed 3 November 2008)

# ROCKWELL AUTOMATION LIMITED

## DIRECTORS' REPORT (continued)

### PROVISION OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board



Director

28/6/2010

# ROCKWELL AUTOMATION LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROCKWELL AUTOMATION LIMITED**

We have audited the financial statements of Rockwell Automation Limited for the year ended 30 September 2009 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

*Ian Smith*

Ian Smith (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
St Albans, United Kingdom

*29 June 2010*

# ROCKWELL AUTOMATION LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2009

	Note	2009 £'000	2008 £'000
<b>TURNOVER</b>	2	45,465	41,620
Cost of sales		(23,753)	(20,701)
<b>Gross profit</b>		<u>21,712</u>	<u>20,919</u>
Distribution costs		(13,895)	(13,538)
Administrative expenses (including impairment of goodwill £Nil (2008 £1,457,000))	9	(5,388)	(9,199)
Other operating income - royalties		3,303	19
<b>OPERATING PROFIT/(LOSS)</b>		<u>5,732</u>	<u>(1,799)</u>
Interest receivable and similar income	5	175	898
Interest payable and similar charges	6	(1,891)	(374)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	<u>4,016</u>	<u>(1,275)</u>
Tax charge on profit/(loss) on ordinary activities	7	(1,475)	(203)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR</b>	19	<u><u>2,541</u></u>	<u><u>(1,478)</u></u>

The above results relate entirely to the continuing activities of the company

There is no difference between the results stated above, and their historical cost equivalents

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 30 September 2009

	Note	2009 £'000	2008 £'000
Profit/(loss) for the financial year		2,541	(1,478)
Actuarial (loss)/gain on defined benefit pension scheme	17	(16,942)	3,418
UK deferred tax attributable to actuarial loss/(gain)	17	4,744	(957)
<b>Total recognised losses and gains relating to the year</b>		<u><u>(9,657)</u></u>	<u><u>983</u></u>

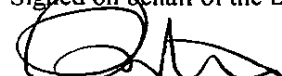
**ROCKWELL AUTOMATION LIMITED**

**BALANCE SHEET**  
**30 September 2009**

	Note	2009 £'000	2008 £'000
<b>FIXED ASSETS</b>			
Goodwill	9	13,913	14,722
Tangible assets	10	533	768
Investments	11	-	-
		<u>14,446</u>	<u>15,490</u>
<b>CURRENT ASSETS</b>			
Stocks	12	1,286	2,482
Debtors	13	24,821	21,535
Cash at bank and in hand		954	831
		<u>27,061</u>	<u>24,848</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(36,725)</u>	<u>(38,414)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(9,664)</u>	<u>(13,566)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,782	1,924
<b>CREDITORS: amounts falling due after more than one year</b>			
Provisions for liabilities and charges	16	<u>(618)</u>	<u>(179)</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		4,164	1,745
Net pension liability	17	<u>(14,991)</u>	<u>(3,100)</u>
<b>NET LIABILITIES INCLUDING PENSION LIABILITY</b>		<u>(10,827)</u>	<u>(1,355)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	7,105	7,105
Profit and loss account	19	(17,932)	(8,460)
<b>SHAREHOLDERS' DEFICIT</b>	20	<u>(10,827)</u>	<u>(1,355)</u>

The financial statements of Rockwell Automation Limited, registered number 00947912 were approved by the Board of Directors and authorised for issue on 28/6/2010

Signed on behalf of the Board of Directors

  
Director

# ROCKWELL AUTOMATION LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 30 September 2009

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable UK accounting standards. The particular accounting policies adopted have been applied consistently throughout the current and preceding years and are described below.

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Going concern

The company is integral to the operations of the European, Middle East and African region, of its ultimate parent, Rockwell Automation Inc, a company quoted on the New York Stock Exchange. In determining that the company's financial statements should be prepared on a going concern basis, the directors considered all the factors likely to affect its future development, performance and its financial position including funding and the risks and uncertainties applicable to its business activities. The key factors are:

- The intention of the parent company to continue trading in Europe and key markets, including UK and its financial strength to continue trading during the current uncertain conditions and to benefit as markets recover.
- The adverse impact of the current economic climate on forecast sales in the immediate future and the steps necessary to mitigate the effect on profits.
- The ability of the parent to provide funding required to continue trading for the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### Goodwill

Goodwill is the excess of purchase consideration over the fair value of net assets acquired and is carried at cost less provision for impairment. It is being amortised over twenty years.

#### Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on cost in equal instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Short-term leasehold improvements	Over the term of the lease
Plant and machinery	Between 15% and 25% per annum
Fixtures, fittings, tools and equipment	Between 10% and 25% per annum
Assets in the course of construction are not depreciated	

#### Stocks

Stocks and work-in-progress, other than on long-term contracts, are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the

# ROCKWELL AUTOMATION LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 30 September 2009

### 1 ACCOUNTING POLICIES (continued)

#### Long-term contracts

Long-term contract balances represent costs incurred on specific contracts, net of amounts transferred to cost of sales in respect of work recorded as turnover, less foreseeable losses and payments on account not matched with turnover. Contract work in progress is recorded as turnover by reference to the value of work carried out to date. No profit is recognised until the total profit can be assessed with reasonable certainty.

#### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions except for the transactions subject to currency hedging arrangements which are accounted for at the contracted rates. All hedge contracts are held, only for the purchases of foreign currency, which are value dated to repay specific foreign currency loans. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date except certain foreign currency amounts which are translated at contracted rates. The translation differences are dealt with in the profit and loss account.

#### Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's principal activities after deduction of trade discounts and Value Added Tax. Revenue is recognised at the point of dispatch of goods and provision of services.

#### Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term, even if payments are not made on such a basis.

#### Related parties

The company has taken advantage of the exemption in FRS 8 relating to disclosure of transactions with wholly owned group companies.

# ROCKWELL AUTOMATION LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 30 September 2009

### 1. ACCOUNTING POLICIES (continued)

#### Pension costs

The Company operates a funded defined benefit pension scheme (the "scheme") The assets of the scheme are held separately from those of the Company, being invested by independent investment managers Pension costs are accounted for on the basis of charging the cost of providing pensions over the years during which the company benefits from the employees' services The pension costs have been calculated under FRS 17, Retirement Benefits, and assumptions used in the calculations are disclosed in note 17

Contributions to defined contribution schemes are charged to the profit and loss account in the year in which contributions are payable

#### Cash flow

A cash flow statement has not been prepared under the specific exemptions allowed under FRS 1 (revised) as the cash flows of the company are included within the consolidated accounts available as detailed in note 22

#### Share-based payment

The company has applied the requirements of FRS 20 Share-based Payment related interpretation and the UITF 44 In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments to the company's employees by Rockwell Automation Inc after 7 November 2002 that were unvested as of 1 October 2006

Equity-settled and cash-settled share-based payments are made to certain employees Equity-settled share based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions

Fair value is measured by use of the Black-Scholes pricing model The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations

A liability equal to the portion of the goods or services is recognised at the current fair value determined at each balance sheet date for cash-settled share-based payments

Restricted stock awards are granted to certain employees The company records an expense, based on shares vested to its employees in the financial period, using the fair market value of the shares on the day they vested

### 2. TURNOVER

	2009	2008
Analysis by destination	£'000	£'000
UK	36,157	40,968
Europe	2,662	506
Rest of the world	6,646	146
	<u>45,465</u>	<u>41,620</u>

All turnover, as shown above, is realised from one segment, being the company's principal activity, which is sourced solely in the UK

# ROCKWELL AUTOMATION LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 30 September 2009

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

#### Directors' remuneration

	2009 £'000	2008 £'000
Total emoluments (excluding pensions)	151	642
Compensation for loss of office	-	244
Pension contributions	17	44
	<u>168</u>	<u>443</u>
<b>Highest paid director:</b>		
Total emoluments	<u>168</u>	<u>443</u>

One (2008 - two) of the directors are members of the defined benefit scheme in which the company participates

#### Employees' remuneration

	2009 No.	2008 No.
<b>Average number of persons employed</b>		
Production	227	177
Sales, distribution and administration	215	255
	<u>442</u>	<u>432</u>

	2009 £'000	2008 £'000
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	19,906	20,275
Social security costs	2,337	2,378
Pension costs	1,610	3,039
	<u>23,853</u>	<u>25,692</u>

### 4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activities before taxation is after charging/(crediting):

	2009 £'000	2008 £'000
Amortisation of goodwill	809	-
Impairment of goodwill	-	1,457
Loss on disposal of tangible fixed assets	16	1
Depreciation of tangible fixed assets - owned	242	106
Pension (credit)/charge adjustment	(294)	1,000
Share based payments	185	364
Rentals under operating leases		
Hire of plant and machinery	747	698
Other operating leases	1,006	915
Fees payable to the company's auditors for the audit of the company's accounts	<u>23</u>	<u>33</u>

# ROCKWELL AUTOMATION LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 30 September 2009

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £'000	2008 £'000
Bank interest	25	15
Interest received from group undertakings	17	-
Other interest	-	12
Net returns on pension scheme (note 17)	133	871
	<u>175</u>	<u>898</u>

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £'000	2008 £'000
Interest paid to group undertakings	1,889	362
Bank interest	2	12
	<u>1,891</u>	<u>374</u>

### 7. TAX CHARGE ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2009 £'000	2008 £'000
United Kingdom corporation tax at 28% (2008 - 29%)	711	-
Adjustments in respect of prior years	26	609
	<u>737</u>	<u>609</u>
Deferred tax		
Timing differences, origination and reversal	738	(406)
	<u>1,475</u>	<u>203</u>

# ROCKWELL AUTOMATION LIMITED

## NOTES TO THE ACCOUNTS

30 September 2009

### 7. TAX CHARGE ON PROFIT/ (LOSS) ON ORDINARY ACTIVITIES (continued)

The tax assessed for the year is different from that resulting from applying the standard rate of corporation tax in the UK of 28% (2008 29%) The differences are explained below

	2009 £'000	2008 £'000
Profit/ (Loss) on ordinary activities before taxation	4,016	(1,275)
Tax at 28% (2008 29%) thereon	1,125	(370)
Effects of		
Adjustments in respect of prior years	26	609
Expenses not deductible for tax purposes	344	534
Accelerated capital allowances	(642)	(25)
Movements in short term timing differences	(116)	(207)
Movements in respect of revaluations or assets becoming non-qualifying	-	68
Current tax credit for the year	737	609

### 8 SHARE BASED PAYMENTS

#### Stock Options

The ultimate parent company, Rockwell Automation Inc operates a stock option scheme in which certain directors and employees of the group may be granted non-qualified and incentive stock options to purchase common stock The options are exercisable at a price equal to the fair value of the stock on grant dates The exercise price for some options granted under the plans may be paid in cash, shares of common stock or a combination of cash and shares Stock options expire ten years after the grant date and vest rateably over three years

Details of the stock options granted to employees of Rockwell Automation Ltd are as follows

	2009	2009	2008	2008
	Number of stock options	Weighted Average Exercise Price (in £)	Number of stock options	Weighted Average Exercise Price (in £)
Outstanding at beginning of the year	45,166	30 59	41,102	26 41
Granted during the year	29,600	17 82	11,600	37 45
Exercised during the year	-	-	(734)	27 11
Forfeited during the year	(1,000)	36 31	(6,802)	34 99
Outstanding at the end of the year	<u>73,766</u>	27 52	<u>45,166</u>	30 59
Exercisable at the end of the year	<u>5834</u>	17 01	<u>5834</u>	15 27

# ROCKWELL AUTOMATION LIMITED

## NOTES TO THE ACCOUNTS

30 September 2009

### 8. SHARE BASED PAYMENTS (continued)

#### Stock Options (continued)

The per share weighted average fair value of stock options granted during the year ended September 30, 2007, 2008 and 2009 was \$20.02, \$17.57 and \$7.75 respectively. We estimated the fair value of each stock option on the date of grant using the Black-Scholes pricing model and the following assumptions:

	2009	2008	2007
Average risk-free interest rate	1.63%	3.34%	4.59%
Expected dividend yield	2.47%	1.78%	1.47%
Expected volatility	0.35	0.28	0.31
Expected term (years)	5.4	5.3	5.4

The average risk-free interest rate is based on the five-year U.S. treasury security rate in effect as of the grant date. The expected dividend yield is based on the expected annual dividend as a percentage of the market value of Rockwell Automation Inc's common stock as of the grant price. We determined expected volatility using a weighted average of daily historical volatility of the stock price over the past 5 years. We determined the expected term of the stock options using historical data adjusted for the estimated exercise dates of unexercised options.

The company recognised share-based compensation expenses relating to vested options of £303,927 and £184,860 in 2008 and 2009 respectively. This was calculated using a weighted average exercise price for each option of \$43.49 and \$40.75 for 2008 and 2009 respectively, and converting to sterling using moving average exchange rates for each year.

#### Restricted Stock

The ultimate parent company, Rockwell Automation Inc. also grants restricted stock awards to certain employees of the group and members of the Board of Directors. Restrictions lapse over periods ranging from one to five years. The restricted stock awards are valued at the closing market value of the common stock on the date of grant.

# ROCKWELL AUTOMATION LIMITED

## NOTES TO THE ACCOUNTS

30 September 2009

### 8. SHARE BASED PAYMENTS (continued)

#### Restricted Stock (continued)

A summary of the restricted stock activity relating to the employees of Rockwell Automation Ltd is as follows

	2009	2009	2008	2008
	Number of shares	Weighted Average Grant Price (in £)	Number of shares	Weighted Average Grant Price (in £)
Outstanding at beginning of the year	-	-	4,400	33.85
Granted during the year	-	-	-	-
Exercised during the year	-	-	(1,900)	37.59
Forfeited during the year	-	-	(2,500)	36.97
Outstanding at the end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 9. GOODWILL

	£'000
<b>Cost</b>	
At 1 October 2008 and 30 September 2009	<u>16,179</u>
<b>Amortisation</b>	
At 1 October 2008	-
Charge for the year	809
Provision for impairment	1,457
At 30 September 2009	<u>2,266</u>
<b>Net book value</b>	
At 30 September 2009	<u>13,913</u>
At 30 September 2008	<u>14,722</u>

# ROCKWELL AUTOMATION LIMITED

## NOTES TO THE ACCOUNTS

30 September 2009

### 10. TANGIBLE FIXED ASSETS

	Short-term leasehold improve- ments £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Assets in the course of construction £'000	Total £'000
<b>Cost</b>					
At 1 October 2008	71	1,782	4,264	123	6,240
Additions	-	-	90	54	144
Disposals	-	(564)	(1,316)	-	(1,880)
At 30 September 2009	71	1,218	3,038	177	4,504
<b>Accumulated depreciation</b>					
At 1 October 2008	56	1,513	3,903	-	5,472
Charge for the year	15	164	63	-	242
Disposals	-	(485)	(1,258)	-	(1,743)
At 30 September 2009	71	1,192	2,708	-	3,971
<b>Net book value</b>					
At 30 September 2009	-	26	330	177	533
At 30 September 2008	15	269	361	123	768

### 11. INVESTMENTS

	Shares in subsidiary undertakings £'000
<b>Cost</b>	
At 1 October 2008 and 30 September 2009	1
<b>Provision for impairment</b>	
At 1 October 2008 and 30 September 2009	1
<b>Net book value</b>	
At 30 September 2009	-
At 30 September 2008	-

# ROCKWELL AUTOMATION LIMITED

## NOTES TO THE ACCOUNTS

30 September 2009

### 11. INVESTMENTS (continued)

Details of the investments held as fixed assets are

Subsidiary undertakings	Business	Country of incorporation and operation	Proportion of ordinary shares held %
Rockwell International	Automation	UK	Less than 1%

#### Activity of portfolio companies

##### Rockwell International

The company holds investments in group companies and carries out corporate office activities for other Rockwell companies. Its accounts for the year ended 30 September 2008 disclosed a profit after tax of £1,451,000 for the year, accumulated reserves of £724,000 and net assets of £20,484,000

### 12. STOCKS

	2009 £'000	2008 £'000
Raw materials	925	1,686
Work-in-progress	157	236
Finished goods	204	560
	<u>1,286</u>	<u>2,482</u>

There is no material difference between the balance sheet value of stocks and their replacement costs

### 13 DEBTORS

	2009 £'000	2008 £'000
Trade debtors	1,169	1,841
Amounts owed by parent and fellow subsidiaries	22,123	17,537
Deferred tax (note 15)	827	1,566
Prepayments and accrued income	702	591
	<u>24,821</u>	<u>21,535</u>

# ROCKWELL AUTOMATION LIMITED

## NOTES TO THE ACCOUNTS

30 September 2009

### 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Trade creditors	1,045	2,086
Amounts owed to parent and fellow subsidiaries	29,306	27,211
Corporation tax	510	-
Other taxation and social security	1,637	2,723
Accruals and deferred income	4,227	6,394
	<u>36,725</u>	<u>38,414</u>

Included in the amounts owed to parent and fellow subsidiaries are intercompany loans of £4.5m owed to Rockwell International which matures on 19 October 2010 and attracts interest at 6.45% per annum and Swiss Francs 31.0m owed to Rockwell Automation A.G. which attracts interest at 0.9% per annum and matures on 1 September 2010.

The loan and interest repayable, maturing on 1 September 2010 of Swiss Francs 31,283,000 is hedged by a forward exchange contract to sell £18,217,000 at a rate of 1.7172.

### 15. DEFERRED TAX ASSET

	£'000
At 1 October 2008	1,566
Deferred tax on pension liability 1 October 2008	<u>1,206</u>
	2,772
Current year credit	(739)
Pension fund deficit - current year	<u>4,624</u>
	6,657
Reported as deduction from pension liability	<u>(5,830)</u>
At 30 September 2009	<u>827</u>
Analysis of deferred tax balance	
	2009 £'000
Depreciation in excess of capital allowances	545
Short term timing differences	<u>282</u>

# ROCKWELL AUTOMATION LIMITED

## NOTES TO THE ACCOUNTS

30 September 2009

### 16. PROVISIONS FOR LIABILITIES AND CHARGES

	<b>Onerous leases £'000</b>	<b>Payroll/ benefits provision £'000</b>	<b>Total £'000</b>
Balance at 1 October 2008	91	88	179
Utilisation	(26)	(18)	(44)
Charged to the profit and loss account	416	67	483
Balance at 30 September 2009	<u>481</u>	<u>137</u>	<u>618</u>

The onerous leases provision included above relates to a provision for onerous contracts arising from leases relating to property that the company has vacated

The payroll/benefits provision relates to amounts for an employee who is on long term sick leave

### 17. PENSION COMMITMENTS

#### FRS 17 disclosures

The Company operates a defined benefit scheme in the UK - the Rockwell Automation Pension Scheme, although members can pay contributions into defined contribution arrangements. None of the defined contribution arrangements are covered by these disclosures. The scheme is open to new entrants.

The most recent actuarial valuation of the Rockwell Automation Pension Scheme was carried out at 30 September 2008 by a qualified actuary.

#### Actual return on plan assets during fiscal year ending 30 September 2009

	<b>£'000</b>
Expected return on assets	4,314
Asset gain during the year	1,287
Actual return on assets	<u>5,601</u>

<b>Assumptions and dates used at disclosure</b>	<b>2009</b>	<b>2008</b>
Discount rate	5.50%	7.00%
Price inflation	3.50%	3.75%
Rate of salary increase	4.75%	5.00%
Pension increases for in-payment benefits		
Pre 1 April 1997 service	0.00%	0.00%
Post 1 April 1997 to March 2006 service	3.50%	3.75%
Post March 2006 service	2.40%	2.50%
Pension increases for deferred benefits	3.50%	3.75%
Life expectancy for males at age 65 (years)		
Current	22.1	22.0
20 years time	23.2	23.1
Plan participant census date	31.3.07	31.3.07

# ROCKWELL AUTOMATION LIMITED

## NOTES TO THE ACCOUNTS

30 September 2009

### 17. PENSION COMMITMENTS (continued)

#### Demographic assumptions

The mortality assumptions used are the "92 series" tables using projections for the past and future in line with the medium cohort methodology. This is consistent with the assumption used last year.

We have assumed that half of all active and deferred members will commute their maximum entitlement for tax free cash sums at retirement. This is in line with the allowance made for the valuation as at 31 March 2007.

The assets in the Plan and the expected rate of return were

	2009 Expected Return	2009 Proportion of total assets	2009 Market Value £'000	2008 Proportion of total assets
Equities	8.8%	66.4%	41,566	63.9%
Bonds index-linked	4.7%	32.8%	20,533	34.9%
Other	4.2%	0.8%	501	1.2%
Net assets of the Plan	17.7%	100.0%	62,600	100.00%

The market value of assets is £62,600,000, (2008 £56,980,000)

The overall expected return on assets assumption of 17.7% pa as at 30 September 2009 has been determined with the aim of reflecting the average rate of growth expected on the funds invested having regard to the weighted average of the expected return from each of the main asset classes. The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations. Consideration is also given to the rate of return expected to be available on reinvestment.

#### Development of net balance sheet position

	2009 £'000	2008 £'000
Present value of defined benefit obligations	(83,421)	(61,286)
Fair value of scheme assets	62,600	56,980
Deficit in scheme	(20,821)	(4,306)
Liability recognised in balance sheet	(20,821)	(4,306)
Related deferred tax asset	5,830	1,206
	<u>(14,991)</u>	<u>(3,100)</u>

# ROCKWELL AUTOMATION LIMITED

## NOTES TO THE ACCOUNTS 30 September 2009

### 17. PENSION COMMITMENTS (continued)

#### Amounts used in profit and loss account in respect of the scheme

	2009 £'000	2008 £'000
Current service cost	1,908	3,217
Interest cost	4,181	3,983
Expected return on scheme assets	(4,314)	(4,854)
Past service cost	-	296
	<u>1,775</u>	<u>2,642</u>

Of the charge for the year, £1,908,000 (2008 £3,513,000) has been included in administration expenses and £133,000 (2008 £871,000) has been included in interest receivable and similar income

The actual return on scheme assets was £5,601,000 (2008 £7,917,000)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is £12,250,000 (2008 £4,692,000)

#### Analysis of amount recognised in the statement on total recognised gains and losses

	2009 £'000	2008 £'000
Actuarial (loss)/gain arising during year	(16,942)	3,418
Related deferred tax asset	4,744	(957)
Recognised in the STRGL	<u>(12,198)</u>	<u>2,461</u>

#### Movement in the present value of defined benefit obligations

	2009 £'000	2008 £'000
Plan liabilities at prior fiscal year end	61,286	72,323
Employer service cost	1,908	3,217
Interest cost	4,181	3,983
Plan participants contributions	610	621
Actuarial gain/(loss)	18,229	(16,189)
Benefits paid from plan assets	(2,052)	(2,185)
Administration expenses paid	(413)	(780)
Past service cost	-	296
Curtailements	(328)	-
Plan liabilities at current fiscal year end	<u>83,421</u>	<u>61,286</u>

# ROCKWELL AUTOMATION LIMITED

## NOTES TO THE ACCOUNTS

30 September 2009

### 17. PENSION COMMITMENTS (continued)

Movements in the fair value of scheme assets

	2009 £'000	2008 £'000
Fair value of assets at prior fiscal year end	56,980	64,728
Expected return on assets	4,314	4,854
Actuarial gain/(loss)	1,287	(12,771)
Employer contributions	1,874	2,513
Plan participants contributions	610	621
Benefits paid	(2,052)	(2,185)
Administrative expenses paid	(413)	(780)
Fair value of assets at current fiscal year end	<u>62,600</u>	<u>56,980</u>

### History of experience gains and losses

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
<b>Asset experience</b>					
Asset gain/(loss) during period	1,287	(12,745)	266	1,331	3,643
% of scheme assets	2.1%	22.4%	0.4%	2%	7%
<b>Liability experience</b>					
Liability gain/(loss) during period	79	87	7,579	2,392	(251)
% of the present value of the scheme liabilities	0.1%	0.1%	10.5%	3%	0%
<b>Liability assumptions</b>					
Liability gain/(loss) over period	(18,308)	16,102	(1,968)	(3,992)	(7,328)
% of the present value of the scheme liabilities	21.9%	26.3%	2.7%	5%	11%
<b>Deficit</b>					
Actuarial value of scheme liabilities	(83,421)	(61,286)	(72,323)	(72,960)	(66,641)
Fair value of assets	62,600	56,980	64,728	60,336	54,326
Deficit in the scheme	(20,821)	(4,306)	(7,595)	(12,624)	(12,315)

The estimated amounts of contributions expected to be paid to the scheme during the current financial year is £2,500 thousand

	£'000
Employer	1,900
Plan participants	600

# ROCKWELL AUTOMATION LIMITED

## NOTES TO THE ACCOUNTS

30 September 2009

### 18. CALLED UP SHARE CAPITAL

	2009 £'000	2008 £'000
Authorised, allotted, called up and fully paid 7,105,000 ordinary shares of £1 each	<u>7,105</u>	<u>7,105</u>

### 19. PROFIT AND LOSS RESERVE

	Total £'000
At 1 October 2008	(8,460)
Profit for the financial year	2,541
Other recognised gains and losses	(12,198)
Credit to equity for share based payment	<u>185</u>
At 30 September 2009	<u>(17,932)</u>
Net pension liability	<u>14,991</u>
At 30 September 2009 excluding pension liability	<u>(2,941)</u>

### 20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2009 £'000	2008 £'000
Profit/(Loss) for the financial year	2,541	(1,478)
Other recognised (loss)/gains	(12,198)	2,461
Share based payment	185	364
Opening shareholders' deficit	<u>(1,355)</u>	<u>(2,702)</u>
Closing shareholders' deficit	<u>(10,827)</u>	<u>(1,355)</u>

# ROCKWELL AUTOMATION LIMITED

## NOTES TO THE ACCOUNTS 30 September 2009

### 21. FINANCIAL COMMITMENTS

#### Capital Commitments

At 30 September 2009 the company had capital commitments of £8,325 (2008. £nil)

#### Operating lease commitments

At 30 September 2009 the company is committed to making the following payments during the next year in respect of operating leases

	Land and buildings		Other	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Leases which expire				
within one year	214	19	37	55
within 2 to 5 years	14	858	411	378
after 5 years	-	23	-	-
	<u>228</u>	<u>900</u>	<u>448</u>	<u>433</u>

### 22. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent company and controlling party is Rockwell Automation Inc , which is incorporated in the United States of America This is the smallest and largest group for which the accounts of the company are consolidated The address from which statements of the ultimate parent company can be obtained is Rockwell Automation, Inc , Global Headquarters, 1201 South Second Street, Milwaukee, Wisconsin 53204, USA