

Registered Number 443687

Johnson Controls Automotive (UK) Limited  
Directors' report and financial statements  
for the year ended 30 September 2008

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# **Johnson Controls Automotive (UK) Limited**

## **Directors' report and financial statements for the year ended 30 September 2008**

<b>Contents</b>	<b>Page(s)</b>
Directors' report	1 - 4
Independent auditors' report	5 - 6
Consolidated profit and loss account	7
Group statement of total recognised gains and losses	8
Consolidated balance sheet	9
Company balance sheet	10
Notes to the financial statements	11 - 27

# Johnson Controls Automotive (UK) Limited

## Directors' report for the year ended 30 September 2008

The directors present their report and the audited financial statements of the company for the year ended 30 September 2008.

### Principal activity

The principal activity of the group continued to be the manufacture and sale of trimmed seats, seat components and interiors to the automotive industry.

### Results and dividend

The results for the year and the financial position of the group are shown in the accompanying financial statements. Pre-tax profit for the year ended 30 September 2008 was £5.4 million (2007: loss £1.9 million).

The directors do not recommend payment of a dividend (2007:nil).

### Review of business and future developments

The turnover of the group was £609.4 million – a decrease of 8% on the prior year. The decrease in the main is due to the reduction of the production line for the Volvo V70 in Assenede, this production line is scheduled to end in April 2009. This reduction resulted in a decrease in turnover of £39m. The rest of the decrease is due to production volume reductions across all the other UK Plants. Cost of sales as a percentage of turnover remained high at 94% of turnover. Despite the lower turnover there was an increase of 6% in gross profit to £33.9m from £32m last year.

The directors expect the general level of activity to decrease for the foreseeable future.

### Business environment and strategy

The automotive industry continues to be highly competitive in all areas of Johnson Controls Automotive (UK) limited, however management continue attempts to maintain profitable margins and seeking new business with a variety of vehicle manufacturers.

### Key performance indicators ("KPIs")

Certain group level KPIs are shown below which the directors believe will assist in the understanding of current overall position of the business.

	2008	2007
Turnover per employee (£'000)	302	254
Gross profit as a % of turnover	5.55%	4.84%
Distribution as a % of turnover	0.32%	0.55%
Admin as a % of turnover	4.51%	4.98%
Days sales outstanding	75.7	83.1
Stock turnover (days)	9.8	9.4
Investment in fixed assets (£'000)	6,124	9,685

# Johnson Controls Automotive (UK) Limited

## Directors' report for the year ended 30 September 2008 (cont'd)

### **Risks, uncertainties and environmental matters**

The principal risks and uncertainties of the company are the same as those in the rest of the facility and maintenance sector of Johnson Controls, Inc and its risks are discussed in those financial statements.

Any of the following could materially and adversely impact the results of operations of our business: the loss of, or changes in, automobile seating and interiors supply contracts or sourcing strategies with our major customers or suppliers; inability to meet minimum vendor volume requirements; start-up expenses associated with new vehicle programs or delays or cancellations of such programs; underutilization of our manufacturing facilities, each of which is general located near, and devoted to, a particular customer's facility; inability to recover engineering and tooling costs; market and financial consequences of any recalls that may be required on products that we have supplied; delays or difficulties in new product development; the potential introduction of similar or superior technologies; global overcapacity and vehicle platform proliferation.

### **Financial risk management**

#### *Credit risk*

The company's policy is that the credit-worthiness of any prospective client, contractor, subcontractor, vendor, joint venture partner or any entity engaging in an economic transaction with the company must be evaluated to ascertain whether it has the financial capacity to enter into and perform its obligations under such transactions. This process is undertaken to ensure from a financial standpoint that any third party has the financial stability and strength necessary to fulfil its commitments to the company. The extent of the credit evaluation must be commensurate with the level of risk associated with the inability of the counterparty to perform under the contract.

#### *Exchange rate risk*

The policy is to hedge exchange rate risk on contractual future cash flows by the use of forward exchange contracts. In particular the parts, supply and sourcing business has mitigated foreign exchange rate risk with both US dollar and Euro hedges.

#### *Price risk*

The directors do not consider that the company's operations expose it to any material price risk from its competitors.

#### *Liquidity and interest rate risk*

The company is in a strong cash position with deposits within the group's cash pooling arrangements. As such this reduces exposure to interest rate risk as there is no external funding requirement.

All group risk is closely managed by the corporate risk management team, which is controlled by the ultimate parent company JC, Inc.

### **Environmental, Health and Safety Matters**

JC, Inc is a global market leader and therefore has adopted a uniform global approach to managing Environmental, Health and Safety matters by following the principles and guidance contained in both international standards ISO 14001 and OHSAS 18001. All parts of the corporation are expected to demonstrate through their EHS management system that the principles and objectives set out in these two key standards have been met.

The organisation has clear management and functional lines with detailed responsibilities at all levels, which ensure hazards, and aspects are properly identified and controlled through effective management processes and performance related objectives and targets.

## Directors' report for the year ended 30 September 2008 (cont'd)

The directors are committed to maintain and develop communication and consultation procedures with employees who are in turn encouraged to become aware of and involve themselves in the performance of their own company and the group as a whole.

The following served as directors during the year and up to the date of signing this report, unless otherwise stated:

J Bell

P Clegg

G T T Dullage

M Flanagan

G Fiori

**Resigned 31 December 2007**

**B B Gray**

**Appointed 12 November 2007**

D McMahon

J D Okarma

R Tate

P Twemlow

## Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

**In preparing those financial statements, the directors are required to:**

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

# Johnson Controls Automotive (UK) Limited

## Statement of directors' responsibilities in respect of the Annual Report and the financial statements (cont'd)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditors

Each of the persons who are directors at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all the steps that they ought to have taken in their duty as a director 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 s234ZA of the Companies Act 1985.

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

### On behalf of the Board



**J Bell**  
Director

# **Johnson Controls Automotive (UK) Limited**

## **Independent auditors' report to the members of Johnson Controls Automotive (UK) Limited**

We have audited the group and parent company financial statements (the "financial statements") of Johnson Controls Automotive (UK) Limited for the year ended 30 September 2008 which comprise the Consolidated Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and parent company's circumstances, consistently applied and adequately disclosed.

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

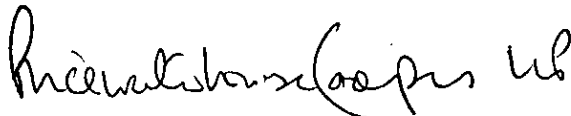
## Johnson Controls Automotive (UK) Limited

### Independent auditors' report to the members of Johnson Controls Limited (cont'd)

#### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 September 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Reading

24 March 2009



## Johnson Controls Automotive (UK) Limited

### Consolidated profit and loss account for the year ended 30 September

	Note	2008 £'000	2007 £'000
<b>Turnover</b>	2	<b>609,440</b>	662,648
Cost of sales		(575,588)	(630,608)
<b>Gross profit</b>		<b>33,852</b>	32,040
Distribution costs		(1,955)	(3,658)
Administrative expenses		(27,495)	(33,002)
<b>Profit/(loss) on ordinary activities before interest and taxation</b>		<b>4,402</b>	(4,620)
Interest receivable and similar income	3	1,260	3,580
Interest payable and similar charges	4	(1,285)	(1,758)
Other finance income	22	1,087	901
<b>Profit/(loss) on ordinary activities before taxation</b>	2, 5	<b>5,464</b>	(1,897)
Tax on profit/(loss) on ordinary activities	7	(24)	62
<b>Profit/(loss) for the financial year</b>	20, 21	<b>5,440</b>	(1,835)

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial years stated above and their historical cost equivalents.

## Johnson Controls Automotive (UK) Limited

### Group statement of total recognised gains and losses for the year ended 30 September


	Note	2008 £'000	2007 £'000
Profit/(loss) for the financial year		<b>5,440</b>	(1,835)
Actuarial loss on pension scheme	22	<b>(2,027)</b>	(423)
<b>Total gains and losses recognised since the last annual report</b>		<b>3,413</b>	(2,258)

# Johnson Controls Automotive (UK) Limited

## Consolidated balance sheet as at 30 September

	Note	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Intangible assets	9	-	-
Tangible assets	10	39,180	42,700
Investments in group undertakings	11	3,469	3,469
		<b>42,649</b>	<b>46,169</b>
<b>Current assets</b>			
Stock	13	16,442	17,020
Debtors	14	126,409	153,032
Cash at bank and in hand		11,026	-
		<b>153,877</b>	<b>170,052</b>
<b>Creditors – amounts falling due within one year</b>	15	<b>(202,322)</b>	<b>(223,172)</b>
<b>Net current liabilities</b>		<b>(48,445)</b>	<b>(53,120)</b>
<b>Total assets less current liabilities</b>		<b>(5,796)</b>	<b>(6,951)</b>
<b>Creditors – amounts falling due over one year</b>	16	<b>(4,015)</b>	<b>(4,290)</b>
<b>Net liabilities excluding pension liability</b>		<b>(9,811)</b>	<b>(11,241)</b>
<b>Pension liability</b>	22	<b>(1,091)</b>	<b>(3,074)</b>
<b>Net liabilities including pension liability</b>		<b>(10,902)</b>	<b>(14,315)</b>
<b>Capital and reserves</b>			
Called up share capital	18	72,040	72,040
Profit and loss account	20	(82,942)	(86,355)
<b>Total shareholders' deficit</b>	21	<b>(10,902)</b>	<b>(14,315)</b>

The financial statements on pages 7 to 27 were approved by the board of directors on 23rd March 2009 and were signed on its behalf by:

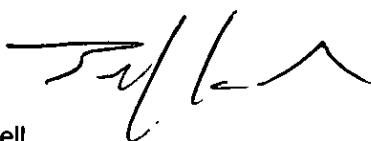
  
 J Bell  
 Director

# Johnson Controls Automotive (UK) Limited

## Company balance sheet as at 30 September

	Note	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Intangible assets	9	-	-
Tangible assets	10	39,180	42,700
Investments in group undertakings	12	1,018	1,018
		<b>40,198</b>	<b>43,718</b>
<b>Current assets</b>			
Stock	13	16,442	17,020
Debtors	14	126,409	153,032
Cash at bank and in hand		11,026	-
		<b>153,877</b>	<b>170,052</b>
<b>Creditors – amounts falling due within one year</b>	15	<b>(202,322)</b>	<b>(223,172)</b>
<b>Net current liabilities</b>		<b>(48,445)</b>	<b>(53,120)</b>
<b>Total assets less current liabilities</b>		<b>(8,247)</b>	<b>(9,402)</b>
<b>Creditors – amounts falling due over one year</b>	16	<b>(4,015)</b>	<b>(4,290)</b>
<b>Net liabilities excluding pension liability</b>		<b>(12,262)</b>	<b>(13,692)</b>
<b>Pension liability</b>	22	<b>(1,091)</b>	<b>(3,074)</b>
<b>Net liabilities including pension liability</b>		<b>(13,353)</b>	<b>(16,766)</b>
<b>Capital and reserves</b>			
Called up share capital	18	72,040	72,040
Profit and loss account	20	(85,393)	(88,806)
<b>Total shareholders' deficit</b>	21	<b>(13,353)</b>	<b>(16,766)</b>

The financial statements on pages 7 to 27 were approved by the board of directors on 23rd March 2009 and were signed on its behalf by:

  
 J Bell  
 Director

# Johnson Controls Automotive (UK) Limited

## Notes to the financial statements for the year ended 30 September 2008

### 1 Accounting policies

#### Accounting convention

These financial statements have been prepared on the going concern basis, under the historic cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting standards, which have been applied consistently throughout the year, are set out below:

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £10,902,000 which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Johnson Controls Inc., the company's ultimate parent undertaking. Johnson Controls Inc. has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

#### Group financial statements

The groups accounts include the results of the parent company and its subsidiary undertakings, together with the groups share of the results of associated companies. Results of the companies acquired are included from the effective date of acquisition. Subsidiaries acquired during the accounting year are consolidated under acquisition accounting methods.

#### Investments

Investments are stated at cost plus incidental expenses less provisions for impairment in value. The company evaluates the carrying value of investments in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

#### Tangible fixed assets

Tangible fixed assets are stated at cost, which is the original purchase price plus incidental expenses, less accumulated depreciation. Depreciation is calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful economic life, on a straight line basis as follows:

Leasehold land and buildings	over term of lease
Freehold land and buildings	2% to 2.5%
Furniture and equipment and vehicles	14.29% to 50%
Plant and machinery	10 to 20%

Assets under construction are not depreciated until they are brought into service.

#### Tooling costs

Tooling costs, which are recoverable from customers, are included within debtors. Tooling costs borne by the company are capitalised within tangible fixed assets and written off over their useful economic life, up to a maximum of seven years.

#### Goodwill

Goodwill arising on the acquisition of a business and assets is capitalized in the balance sheet and amortized over the anticipated useful life of the goodwill (between 3 and 10 years). Goodwill arising on acquisition of subsidiaries/associates prior to the introduction of Financial Reporting Standard 10, Accounting for Goodwill, was written off directly to the profit and loss reserve.

# **Johnson Controls Automotive (UK) Limited**

## **Notes to the financial statements for the year ended 30 September 2008 (cont'd)**

### **1 Accounting policies (cont'd)**

#### **Turnover**

Turnover represents the net invoiced value, excluding value added tax, of sales to customers and is recognized at the point of dispatch of goods and services or when risk has been passed to the customer.

#### **Stock and work in progress**

Stock is valued on a first-in first-out basis, at the lower of cost and net realisable value. In the case of finished goods and work in progress cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads.

#### **Research and development**

Research and development costs are expensed as incurred.

#### **Taxation**

Tax deferred or accelerated as a result of timing differences between the treatment of certain items for taxation and for accounting purposes is provided in full. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits against which the deferred asset can be recovered in future periods.

Deferred tax is measured at the average tax rates that are expected to apply in the periods 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. Deferred tax is measured on an undiscounted basis.

#### **Government grants**

Government capital grants received on fixed asset additions are treated as deferred income and included in the balance sheet as current and non current creditors as applicable. The grants are credited to the profit and loss account over the estimated useful life of the assets which they relate.

#### **Pensions**

The company operates defined contribution and defined benefit pension schemes for the benefit of its employees, the assets of which are held separately from those of the company in independently administered funds

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses.

The cost of pensions under defined contribution schemes are charged to the profit and loss account as incurred.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

# Johnson Controls Automotive (UK) Limited

## Notes to the financial statements for the year ended 30 September 2008 (cont'd)

### 1 Accounting policies (cont'd)

#### Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are expressed in sterling at rates ruling at the balance sheet date. Income and expenditure denominated in foreign currencies has been translated into sterling at the rates ruling at the time of the transaction. All differences on exchange are taken to the profit and loss account.

#### Operating leases

The costs of operating leases are charged to the profit and loss account in the period to which they relate.

Tooling refundable by customers, which is financed by finance leases, is shown within debtors and the matching lease obligation shown within creditors. Lease finance charges are recoverable from customers and are included within debtors.

#### Cash flow statement and related party disclosures

The company has taken advantage of the provisions of Financial Reporting Standard ("FRS") 1 (Revised 1996) 'Cash Flow Statements' and has not presented a cash flow statement, as the company's results and cash flows are included in consolidated financial statements of the ultimate parent company Johnson Controls, Inc which are publicly available and can be obtained from the address given in note 23.

The company is also exempt under the terms of paragraph 3(c) of FRS 8 'Related Party Disclosure's from disclosing related party transactions with entities that are part of the Johnson Controls, Inc group of companies or investees of the Johnson Controls, Inc group.

### 2 Segmental reporting

In the opinion of the directors there is only one class of activity, that of automotive interior supplies, for which all the turnover, profits and net assets relate to. In the opinion of the directors the only material market for the company is the UK.

### 3 Interest receivable and similar income

	2008	2007
	£'000	£'000
Interest receivable from group undertakings	1,017	1,380
Bank interest	243	2,200
	1,260	3,580

# Johnson Controls Automotive (UK) Limited

## Notes to the financial statements for the year ended 30 September 2008 (cont'd)

### 4 Interest payable and similar charges

	2008 £'000	2007 £'000
Bank interest	1,083	1,069
Interest payable to group undertakings	202	682
Other interest payable	-	7
	<b>1,285</b>	<b>1,758</b>

### 5 Profit/(loss) on ordinary activities before taxation

	2008 £'000	2007 £'000
<b>Profit/(loss) on ordinary activities is stated after charging/(crediting)</b>		
Staff costs		
- wages and salaries	81,792	94,575
- social security costs	6,233	6,353
- pension costs (see note 22)	3,228	3,594
Income from government grants	(87)	(184)
Depreciation of tangible assets (see note 10)	9,411	10,190
Other operating leases		
- land and buildings	1,853	2,084
- plant and machinery	117	413
- other	1,537	1,057
Auditors remuneration	100	187
Hire of plant and equipment	835	1,833
Amounts charged to group undertakings	(13,831)	(15,944)
Amounts charged from group undertakings	45,228	41,132
Loss on disposal of tangible assets	202	1,337
Foreign exchange loss/(gain)	4,671	(1,374)



# Johnson Controls Automotive (UK) Limited

## Notes to the financial statements for the year ended 30 September 2008 (cont'd)

### 6 Directors and employees

#### Directors emoluments

	2008	2007
	£'000	£'000
Aggregate emoluments of the directors	457	347
Company pension contributions to money purchase schemes	34	32
	491	379

	2008	2007
	£'000	£'000
<b>Highest paid director</b>		
Aggregate emoluments	183	177
Company pension contributions to money purchase scheme	24	25
	207	202

Emoluments of three directors (2007: three) are borne by the company, the remainder by other fellow subsidiaries of Johnson Controls Inc.

Retirement benefits are accruing to two directors (2007: two directors) under the defined benefit scheme and five directors (2007: five directors) under money purchase schemes.

The average monthly number of employees, including executive directors, during the year, analysed by category, was as follows:

	2008	2007
<b>Staff numbers</b>		
Manufacturing and production	1,643	2,166
Administration and management	331	388
Distribution	44	53
	2,018	2,607

## Johnson Controls Automotive (UK) Limited

### Notes to the financial statements for the year ended 30 September 2008 (cont'd)

#### 7 Tax on profit/(loss) on ordinary activities

	2008 £'000	2007 £'000
<b>Current tax</b>		
UK Corporation tax at 29% (2007: 30%)	-	-
Withholding tax	24	4
Adjustments to current tax in respect of prior years	-	(66)
<b>Total current tax</b>	<b>24</b>	<b>(62)</b>

#### Factors affecting the current tax for the year

The tax assessed for the year is lower (2007: lower) than the standard higher rate of corporation tax in the UK 29%(2007:30%). The differences are explained below:

	2008 £'000	2007 £'000
Profit/(loss) on ordinary activity before taxation	5,464	(1,897)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 29% (2007: 30%)	1,583	(551)
Effects of:		
Expenses not deductible for tax purposes	148	153
Accelerated capital allowances and other timing differences	(2,128)	(2,189)
Group relief	397	2,587
Adjustments to tax charge in respect of prior periods	-	(62)
Withholding tax	24	-
<b>Total current tax charge/(credit)</b>	<b>24</b>	<b>(62)</b>

#### 8 Parent company profit and loss account

Johnson Controls Automotive (UK) Limited has not presented a company profit and loss account as permitted by Section 230 of the Companies Act 1985. The amount of the parent company's profit for the financial year was £5,440,000 (2007: loss £1,835,000).

## Johnson Controls Automotive (UK) Limited

### Notes to the financial statements for the year ended 30 September 2008 (cont'd)

#### 9 Intangible assets

	Group Goodwill £'000	Company Goodwill £'000
<b>Cost</b>		
At 1 October 2007 and at 30 September 2008	16,634	15,598
<b>Aggregate amortisation</b>		
At 1 October 2007 and at 30 September 2008	(16,634)	(15,598)
<b>Net book value</b>		
At 30 September 2008	-	-
At 30 September 2007	-	-

Capitalised goodwill represents the excess of consideration over fair value of the assets of:

- i) A business acquired by a subsidiary, Johnson Controls Automotive Foam Limited, on 12 April 1991 and
- ii) Happich Auto Trim Limited, a subsidiary acquired by the company on 6 August 1999, and
- iii) Goodwill paid in respect of a seating assembly programme purchased on 1 June 2003, to be amortised over 3 years being the life of the programme.

The assets and business of Johnson Controls Automotive Foam Limited and Happich Automotive Trim Limited were transferred to Johnson Controls Automotive (UK) Limited on 31 January 1992 and 31 August 1999 respectively.

# Johnson Controls Automotive (UK) Limited

## Notes to the financial statements for the year ended 30 September 2008 (cont'd)

### 10 Tangible assets – group and company

	Leasehold land and buildings £'000	Freehold, land and buildings £'000	Furniture, equipment and vehicles £'000	Plant and machinery £'000	Construction in progress £'000	Total £'000
<b>Cost</b>						
At 1 October 2007	7,014	16,086	7,054	86,021	8,084	124,259
Reclassification	121	1,195	352	2,199	(3,867)	-
Additions	65	97	58	1,509	4,395	6,124
Transfers from CIP	25	2,823	202	(500)	(2,550)	-
Disposals	(19)	(12)	(1,540)	(12,163)	-	(13,734)
<b>At 30 September 2008</b>	<b>7,206</b>	<b>20,189</b>	<b>6,126</b>	<b>77,066</b>	<b>6,062</b>	<b>116,649</b>
<b>Accumulated depreciation</b>						
At 1 October 2007	3,788	6,427	7,054	64,290	-	81,559
Reclassification	353	(352)	28	(29)	-	-
Charge for the year	522	466	284	8,139	-	9,411
Transfers	-	2,428	-	(2,428)	-	-
Disposals	(13)	(3)	(1,536)	(11,949)	-	(13,501)
<b>At 30 September 2008</b>	<b>4,650</b>	<b>8,966</b>	<b>5,830</b>	<b>58,023</b>	<b>-</b>	<b>77,469</b>
<b>Net book amount</b>						
<b>At 30 September 2008</b>	<b>2,556</b>	<b>11,223</b>	<b>296</b>	<b>19,043</b>	<b>6,062</b>	<b>39,180</b>
At 30 September 2007	3,226	9,659	-	21,731	8,084	42,700

Assets are transferred from construction in progress to plant and machinery on being commissioned.

At 30 September 2008 future capital expenditure for the group authorised by the directors but not provided in the accounts was £nil (2007:£nil).

# Johnson Controls Automotive (UK) Limited

## Notes to the financial statements for the year ended 30 September 2008 (cont'd)

### 11 Investments in group undertakings - group

	Total
Shares in associated undertakings	£'000
<b>Cost</b>	
At 1 October 2007 and 30 September 2008	17,422
<b>Provision for impairment</b>	
At 1 October 2007 and 30 September 2008	(13,953)
<b>Net book amount at 1 October 2007 and 30 September 2008</b>	<b>3,469</b>

### 12 Investments in group undertakings - company

	Total
shares in associated undertakings	£'000
<b>Cost</b>	
At 1 October 2007 and 30 September 2008	14,970
<b>Provision for impairment</b>	
At 1 October 2007 and 30 September 2008	(13,952)
<b>Net book amount at 1 October 2007 and 30 September 2008</b>	<b>1,018</b>

At 30 September 2008 the company had the following investments in subsidiary undertakings, all of which were registered in England and Wales:

	Activity	Class of shares	Proportion of nominal value of shares issued held by:		Aggregate capital & reserves £'000	Result for the year £'000
			The company	Other group co's		
Ikeda Hoover Limited	Dormant	Ordinary	49%	51%	7,080	-
JRI Technologies Limited	Dormant	Ordinary	54.38%	45.62%	-	-

## Johnson Controls Automotive (UK) Limited

### Notes to the financial statements for the year ended 30 September 2008 (cont'd)

#### 13 Stock and work in progress – group and company

	2008 £'000	2007 £'000
Raw materials	15,018	16,561
Work in progress	132	238
Finished goods and goods for resale	1,292	221
	16,442	17,020

The replacement cost of stocks does not materially exceed the amounts stated in the balance sheet at 30 September 2008.

#### 14 Debtors – group and company

	2008 £'000	2007 £'000
Trade debtors	66,769	85,937
Amounts owed by fellow subsidiary undertakings	25,529	20,823
Amounts owed by parent undertakings	4,203	38,362
Corporation tax	1,053	987
Other debtors	28,855	6,923
	126,409	153,032

Amounts owed by fellow subsidiary undertakings are unsecured, interest free and repayable on demand.

Amounts owed by the parent undertaking include amounts transferred to the parent undertakings under a zero balance pooled bank agreement with Barclays Bank Plc.

## Johnson Controls Automotive (UK) Limited

### Notes to the financial statements for the year ended 30 September 2008 (cont'd)

#### 15 Creditors – amounts falling due within one year - group and company

	2008 £'000	2007 £'000
Bank loans and overdrafts	-	7,100
Trade creditors	33,298	32,496
Amounts owed to fellow subsidiary undertakings	46,590	51,225
Other creditors (including taxation and social security)	1,923	1,454
Government grants	85	85
Intercompany loans	88,750	88,750
Tooling expenditure recoverable from customers	937	2,689
Accruals and deferred income	30,739	39,373
	<b>202,322</b>	<b>223,172</b>

- (i) The company has guaranteed the borrowing of certain other UK group companies under cross guarantee arrangements.
- (ii) Included in loans, is a convertible security instrument issued on 1 December 1997 is stated at the principal amount of £88,000,333 and is interest free. The holder of the security (Johnson Controls (UK) Limited a fellow subsidiary of Johnson Controls Inc) has the right to convert the security at any time, at par into preference shares in the company carrying the right to a cumulative preferential dividend at a rate of 13.25%.

The holder acknowledges by its holding of this instrument that the obligation of the company in respect of the principal shall rank after all other present and future unsecured, unsubordinated obligations of the company to the effect that no sums payable hereunder shall be payable to the holder unless and until all outstanding such obligations have been satisfied in full by the company.

Amounts owed to fellow subsidiary undertakings are unsecured, interest free and repayable on demand.

#### 16 Creditors – amounts falling due after one year - group and company

	2008 £'000	2007 £'000
Amounts owed to group undertakings	3,310	3,116
Government grants and other current liabilities	705	1,174
	<b>4,015</b>	<b>4,290</b>

Amounts owed to group undertakings are unsecured and bear interest of 5.025% and are repayable after more than 5 years.

## Johnson Controls Automotive (UK) Limited

### Notes to the financial statements for the year ended 30 September 2008 (cont'd)

#### 17 Deferred tax

The company does not have a material deferred tax liability at 30 September 2008. The company has trading losses to carry forward, however no deferred tax asset has been recognised as the company cannot assess with sufficient certainty their future recoverability.

Deferred tax	Maximum potential asset	
	2008 £'000	2007 £'000
Accelerated capital allowances	(2,130)	(2,401)
Short term timing differences	(927)	(872)
Losses	(5,495)	(5,112)
Pension liability	(890)	(2,029)
	(9,442)	(10,414)

#### 18 Called up share capital – group and company

Authorised	2008 £'000	2007 £'000
1,500,000 (2007: 1,500,000) ordinary shares of £1 each	1,500	1,500
55,000,000 (2007: 55,000,000) Redeemable preference shares of £1 each	55,000	55,000
85,000,000 (2007: 85,000,000) Cumulative preference shares of £1 each	85,000	85,000
111,400,000 (2007: 111,400,000) Preference shares of £1 each	111,400	111,400
	252,900	252,900
Allotted, called up and fully paid	2008 £'000	2007 £'000
1,040,000 (2007: 1,040,000) ordinary shares of £1 each	1,040	1,040
71,000,000 (2007: 71,000,000) cumulative preference shares of £1 each	71,000	71,000
	72,040	72,040

The cumulative preference shares carry the following rights and obligations.

1. The cumulative Preference shares carry the right to receive a cumulative preference dividend at a rate of 8% per annum.
2. On winding up the holders of the Cumulative Preference shares shall be entitled to repayment of the capital paid on those shares in priority to any payment to the holders of any other class of shares in issue for the time being.
3. The cumulative Preference shares shall entitle the holders to receive notice to attend and to vote at any general meeting.



## Johnson Controls Automotive (UK) Limited

### Notes to the financial statements for the year ended 30 September 2008 (cont'd)

#### 18 Called up share capital – group and company (cont'd)

The ordinary shares and the redeemable shares rank pari passu except that the redeemable shares can be redeemed at par at the option of either the company or the shareholder provided one weeks notice is given to the other party.

The shareholders have waived their right to any preference dividends until distributable reserves are available.

#### 19 Financial commitments – group and company

At 30 September 2008 the group and company have annual commitments under non cancellable operating leases, which expire as follows:

	Within 1 year £'000	2 – 5 years £'000	After 5 years £'000	Total £'000
Land and Buildings	-	430	1,423	1,853
Other	226	1,404	55	1,685
	<b>226</b>	<b>1,834</b>	<b>1,478</b>	<b>3,538</b>

At 30 September 2007	Within 1 year £'000	2 – 5 years £'000	After 5 years £'000	Total £'000
Land and Buildings	-	50	2,034	2,084
Other	221	1,028	221	1,470
	<b>221</b>	<b>1,078</b>	<b>2,255</b>	<b>3,554</b>

#### 20 Reserves

	Group £'000	Company £'000
At 1 October 2007	(86,355)	(88,806)
Profit for the financial year	5,440	5,440
Actuarial loss on pension scheme	(2,027)	(2,027)
<b>At 30 September 2008</b>	<b>(82,942)</b>	<b>(85,393)</b>
Pension deficit	(1,091)	(1,091)
<b>Profit and loss reserve excluding pension deficit</b>	<b>(81,851)</b>	<b>(84,302)</b>

The groups share of the undistributed losses of the associated companies included within the profit and loss account at 30 September 2008 was £2,453,000 (2007: £2,453,000).

# Johnson Controls Automotive (UK) Limited

## Notes to the financial statements for the year ended 30 September 2008 (cont'd)

### 21 Reconciliation of movements in shareholders' deficit

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Profit/(loss) for the financial year	5,440	(1,835)	5,440	(1,835)
Opening total shareholders deficit	(14,315)	(12,057)	(16,766)	(14,508)
Actuarial loss on pension scheme	(2,027)	(423)	(2,027)	(423)
<b>Closing total shareholders deficit</b>	<b>(10,902)</b>	<b>(14,315)</b>	<b>(13,353)</b>	<b>(16,766)</b>

### 22 Pension costs

The company participates in the Johnson Controls (UK) Group Pension Scheme, which is a defined contribution plan. In the past year, the company contributed £1,599,026 (2007: £1,820,175) to this plan. At the year end other creditors included £239,307 (2007: £356,090) in respect of outstanding contributions.

The company participates in the Johnson Controls UK Final Salary Pension Scheme. Up until 31 December 2004, the company participated in the Johnson Controls Automotive (UK) Limited Final Salary Pension Scheme and the Ikeda Hoover Limited Pension Plan at which point all the assets of these schemes were transferred to the merged arrangement, the Johnson Controls UK Final Salary Pension Scheme. Full actuarial valuation of the scheme was carried out as at 5 April 2007 and updated to 30 September 2008 by qualified independent actuaries.

The financial assumptions used to calculate the scheme liabilities under FRS 17 are:

The main financial assumptions used in the valuation of the liabilities of the company scheme under FRS 17 are:

	2008	2007	2006
	%pa	%pa	%pa
Inflation	3.70	3.30	3.00
Rate of increase in salaries	4.70	4.30	4.00
Rate of increase of pensions in payment	3.70	3.30	3.00
Discount rate	7.00	5.80	5.40

## Johnson Controls Automotive (UK) Limited

### Notes to the financial statements for the year ended 30 September 2008 (cont'd)

#### 22 Pension costs (cont'd)

Weighted average life expectancy for mortality tables used to determine benefit obligations at:

	2008		2007	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	21.8	24.0	21.1	23.5
Member age 45 (life expectancy at age 65)	22.9	25.0	22.4	24.5

The assets in the scheme and the expected rate of return were:

	2008		2007	
	Expected rate of return %pa	Fair value £'000	Expected rate of return %pa	Fair value £'000
Equities	8.50	39,219	8.50	47,736
Bonds	5.25	29,788	5.25	30,694
Others	6.00	413		-
		69,420		78,430

	2008 £'000	2007 £'000
<b>Change in benefit obligation</b>		
Benefit obligation at beginning of year	81,504	76,057
Current service cost	1,629	1,774
Interest cost	4,735	4,133
Member contributions	411	513
Actuarial (losses)/gains	(16,164)	81
Benefits paid	(1,604)	(1,054)
<b>Benefit obligation at end of year</b>	<b>70,511</b>	<b>81,504</b>

# Johnson Controls Automotive (UK) Limited

## Notes to the financial statements for the year ended 30 September 2008 (cont'd)

### 22 Pension costs (cont'd)

	2008	2007
	£'000	£'000
<b>Reconciliation of fair value of scheme assets</b>		
Fair value of scheme assets at beginning of year	78,430	69,545
Expected return on scheme assets	5,822	5,034
Investment losses	(18,191)	(341)
Employer contributions	4,552	4,734
Members contributions	411	512
Benefits paid	(1,604)	(1,054)
<b>Fair value of scheme assets at end of year</b>	<b>69,420</b>	<b>78,430</b>

The following amounts were measured in accordance with the requirements of FRS 17:

	2008	2007
	£'000	£'000
Fair value of scheme assets	69,420	78,430
Present value of scheme liabilities	(70,511)	(81,504)
<b>Net pension deficit in the scheme</b>	<b>(1,091)</b>	<b>(3,074)</b>

The following amounts have been recognised in the financial statements in the year under the requirements of FRS 17:

	2008	2007
	£'000	£'000
<b>Operating profit</b>		
Current service cost – defined contribution scheme	1,599	1,820
Current service cost – defined benefit scheme	1,629	1,774
<b>Total operating charge</b>	<b>3,228</b>	<b>3,594</b>

	2008	2007
	£'000	£'000
<b>Other finance income/(expense)</b>		
Expected return on pension scheme assets	5,822	5,034
Interest on pension scheme liabilities	(4,735)	(4,133)
<b>Net finance income</b>	<b>1,087</b>	<b>901</b>

	2008	2007
	£'000	£'000
<b>Statement of total recognised gains and losses</b>		
Actuarial loss recognised in the year	2,027	423
<b>Cumulative actuarial losses recognised</b>	<b>2,450</b>	<b>423</b>

## Johnson Controls Automotive (UK) Limited

### Notes to the financial statements for the year ended 30 September 2008 (cont'd)

#### 22 Pension costs (cont'd)

##### Details of experience gains and losses for the year

	2008	2007	2006	2005	2004
<b>Difference between expected and actual return on Scheme assets:</b>					
Amount (£'000s)	(18,191)	(342)	1,936	5,656	274
Percentage of Scheme assets	(26) %	0%	3%	12%	1%
<b>Experience gains and losses on Scheme liabilities:</b>					
Amount (£'000s)	266	-	-	-	2,997
Percentage of Scheme liabilities	0 %	0%	0%	0%	6%

The actual return on plan assets was £12,369 (2007:£4,692)

The company expects to contribute £4,407,000 to its pension plan in 2008-09.

#### 23 Ultimate and immediate parent companies and controlling party

The company's immediate parent company is Johnson Controls Limited, which is registered in England and Wales.

The company's ultimate parent company and ultimate controlling party is Johnson Controls, Inc a company incorporated in the State of Wisconsin, United States of America. Johnson Controls, Inc is the parent company of the largest and smallest group to consolidate these financial statements. Copies of the group financial statements may be obtained from:

Johnson Controls, Inc  
5757 N Green Bay Avenue  
PO Box 591  
Milwaukee  
WI 53201  
United States of America