

Registered Number 443687

Johnson Controls Automotive (UK) Limited
Directors' report and financial statements
for the year ended 30 September 2010

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Johnson Controls Automotive (UK) Limited

Directors' report and financial statements for the year ended 30 September 2010

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Johnson Controls Automotive (UK) Limited

Directors' report for the year ended 30 September 2010

The directors present their report and the audited financial statements of the company for the year ended 30 September 2010

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 2010 was £19.7 million (2009 loss of £31.6 million)

The directors do not recommend payment of a dividend (2009 nil)

Review of business and future developments

The turnover of the group was £571.1 million – an increase of 29.2% on the prior year. The increase in the main is due to production levels across all the plants within the organisation improving compared to 2009 as demand from car manufacturers improves and the impact of production at the Ellesmere Port plant when production commenced at the end of 2009.

Business environment and strategy

The automotive industry continues to be highly competitive in all areas of Johnson Controls Automotive (UK) Limited. They seek 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.

	2010	2009
Turnover per employee (£'000)	395	308
Gross profit as a % of turnover	6.79%	-0.71%
Distribution as a % of turnover	0.22%	0.29%
Admin as a % of turnover	3.42%	6.13%
Days sales outstanding (restated for 2009)	39.9	46.5
Stock turnover (days)	8.6	11.2
Investment in fixed assets (£'000)	7,039	7,557

Risks, uncertainties and environmental matters

The principal risks and uncertainties of the company are the same as those in the rest of the automotive industry 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, all of the Just in Time plants are 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.

Johnson Controls Automotive (UK) Limited

Directors' report for the year ended 30 September 2010 (cont'd)

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 Johnson Controls, Inc.

Environmental, Health and Safety Matters

Johnson Controls, 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.

Employment policies

It is the policy of the company that there should be no unfair discrimination in considering applications for employment, including those from disabled persons. Should any member of staff become disabled, every practical effort is made to provide continued employment.

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.

Creditor Payment Policy

It is the company's policy to pay creditors when they fall due for payment, the standard being 90 days. Terms of payment are agreed with suppliers when negotiating each transaction and the policy is to abide by those terms, provided that the suppliers also comply with all relevant terms and conditions.

Johnson Controls Automotive (UK) Limited

Directors' report for the year ended 30 September 2010 (cont'd)

Directors

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
B B Gray
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

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 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.

Johnson Controls Automotive (UK) Limited

Directors' report for the year ended 30 September 2010 (cont'd)

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 s418 of the Companies Act 2006

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

6th December 2010

Johnson Controls Automotive (UK) Limited

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

We have audited the group and company financial statements (the "financial statements") of Johnson Controls Automotive (UK) for the year ended 30 September 2010 which comprise the Consolidated Profit and Loss Account, the Group and Company Balance Sheets, the Group Statement of Total Recognised Gains and Losses, and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

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 group and company's affairs as at 30 September 2010 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.

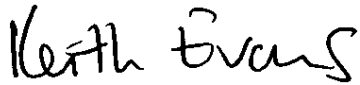
Johnson Controls Automotive (UK) Limited

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

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



Keith Evans (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

7 December 2010

Johnson Controls Automotive (UK) Limited

Consolidated profit and loss account for the year ended 30 September

	Note	2010 £'000	2009 £'000
Turnover	2		
Continuing operations		490,559	381,165
Discontinued operations		80,536	60,988
Total turnover		571,095	442,153
Cost of sales		(532,298)	(445,303)
Gross profit/(loss)		38,797	(3,150)
Distribution costs		(1,253)	(1,295)
Administrative expenses		(19,280)	(27,101)
Profit/(loss) on ordinary activities before interest and taxation			
Continuing operations		19,389	(25,360)
Discontinued operations		(1,125)	(6,186)
		18,264	(31,546)
Loss on disposal of discontinued operations	8	(256)	-
Interest receivable and similar income	3	1,375	221
Interest payable and similar charges	4	(285)	(450)
Other finance income	23	609	195
Profit/(loss) on ordinary activities before taxation	5	19,707	(31,580)
Tax on profit/(loss) on ordinary activities	7	166	(45)
Profit/(loss) for the financial year	21, 22	19,873	(31,625)

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	2010 £'000	2009 £'000
Profit/(loss) for the financial year		19,873	(31,625)
Actuarial loss on pension scheme	23	(2,018)	(16,440)
Total gains and losses recognised since the last annual report		17,855	(48,065)

Johnson Controls Automotive (UK) Limited

Consolidated balance sheet as at 30 September

	Note	2010 £'000	2009 £'000
Non-current assets			
Intangible assets	10	-	-
Tangible assets	11	36,045	38,485
Interest in joint venture - share of gross assets	12	3,469	3,469
		39,514	41,954
Current assets			
Stock	14	13,009	13,616
Debtors	15	174,799	159,852
Cash at bank and in hand		-	21,183
		187,808	194,651
Creditors – amounts falling due within one year	16	(118,265)	(142,242)
Net current assets		69,543	52,409
Total assets less current liabilities		109,057	94,363
Creditors – amounts falling due over one year	17	(97,800)	(99,475)
Net liabilities excluding pension liability		11,257	(5,112)
Pension liability	23	(9,269)	(13,855)
Net liabilities including pension liability		1,988	(18,967)
Capital and reserves			
Called up share capital	19	115,140	112,040
Profit and loss account	21	(113,152)	(131,007)
Total shareholders' funds/(deficit)	22	1,988	(18,967)

The financial statements on pages 7 to 26 were approved by the board of directors on 6 December 2010 and were signed on its behalf by



J Bell

Director

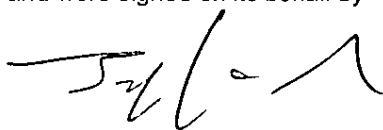
Johnson Controls Automotive (UK) Limited
Registered number 443687

Johnson Controls Automotive (UK) Limited

Company balance sheet as at 30 September

	Note	2010 £'000	2009 £'000
Non-current assets			
Intangible assets	10	-	-
Tangible assets	11	36,045	38,485
Investments in group undertakings	13	1,018	1,018
		37,063	39,503
Current assets			
Stock	14	13,009	13,616
Debtors	15	174,799	159,852
Cash at bank and in hand		-	21,183
		187,808	194,651
Creditors – amounts falling due within one year	16	(118,265)	(142,242)
Net current assets		69,543	52,409
Total assets less current liabilities		106,606	91,912
Creditors – amounts falling due over one year	17	(97,800)	(99,475)
Net assets/(liabilities) excluding pension liability		8,806	(7,563)
Pension liability	23	(9,269)	(13,855)
Net liabilities including pension liability		(463)	(21,418)
Capital and reserves			
Called up share capital	19	115,140	112,040
Profit and loss account	21	(115,603)	(133,458)
Total shareholders' deficit	22	(463)	(21,418)

The financial statements on pages 7 to 26 were approved by the board of directors on 6 December 2010 and were signed on its behalf by



J Bell

Director

Johnson Controls Automotive (UK) Limited

Registered number 443687

Johnson Controls Automotive (UK) Limited

Notes to the financial statements for the year ended 30 September 2010

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 2006 and applicable accounting standards in the United Kingdom. The principal accounting standards, which have been applied consistently throughout the year, are set out below.

Group financial statements

The group's accounts include the results of the parent company and its subsidiary undertakings, together with the group's share of the results of associated companies. Results of the companies acquired are included from the effective date of acquisition.

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, 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.

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.

Johnson Controls Automotive (UK) Limited

Notes to the financial statements for the year ended 30 September 2010 (cont'd)

1 Accounting policies (cont'd)

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 to 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.

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.

Johnson Controls Automotive (UK) Limited

Notes to the financial statements for the year ended 30 September 2010 (cont'd)

1 Accounting policies (cont'd)

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 24

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

The turnover of the business has been split between geographical locations To show amounts within the UK and amounts to Europe and has been split as follows

	2010 £'000	2009 £'000
Turnover		
United Kingdom	365,522	246,784
Europe	205,573	195,369
	571,095	442,153

3 Interest receivable and similar income

	2010 £'000	2009 £'000
Interest receivable from group undertakings	1,242	-
Bank interest	86	221
Other interest	47	-
	1,375	221

4 Interest payable and similar charges

	2010 £'000	2009 £'000
Bank interest	119	150
Interest payable to group undertakings	166	300
	285	450

Johnson Controls Automotive (UK) Limited

Notes to the financial statements for the year ended 30 September 2010 (cont'd)

5 Profit/(loss) on ordinary activities before taxation

	2010 £'000	2009 £'000
Profit/(loss) on ordinary activities is stated after charging/(crediting)		
Staff costs (restated for 2009)		
- wages and salaries	48,918	51,909
- social security costs	4,464	4,381
- pension costs (see note 23)	3,157	3,743
Income from government grants	(87)	(87)
Depreciation of tangible assets (see note 11)	7,484	8,237
Other operating leases		
- land and buildings	2,035	1,963
- plant and machinery	1,070	1,616
- other	149	191
Auditors remuneration	100	100
Loss on disposal of tangible assets	87	-
Foreign exchange loss	319	1,539

6 Directors and employees

Directors emoluments

	2010 £'000	2009 £'000
Aggregate emoluments of the directors	356	526
Company pension contributions to money purchase schemes	42	33
	398	559

	2010 £'000	2009 £'000
Highest paid director		
Aggregate emoluments	137	214
Company pension contributions to money purchase scheme	25	23
	162	237

Emoluments of three directors (2009 three) are borne by the company, emoluments of one director (2009 one) are borne by another group company and five directors (2009 five) are paid via the company's payroll but all of their costs are recharged to other group undertakings. No other amounts have been paid or are owed at 30 September 2010 (2009 nil) in respect of services supplied by the Directors to the Company, since their services are incidental to their services to the group as a whole.

Retirement benefits are accruing to two directors (2009 two directors) under the defined benefit scheme and five directors (2009 five directors) under money purchase schemes.

Johnson Controls Automotive (UK) Limited

Notes to the financial statements for the year ended 30 September 2010 (cont'd)

6 Directors and employees (cont'd)

During the year two directors held options under the groups share option scheme (2009 two) During the year two directors, one of whom is the highest paid, exercised their options No shares were received or receivable by any of the directors in respect of qualifying services under a long term incentive scheme

The average monthly number of employees for the company and the group, including executive directors, during the year, analysed by category, was as follows

	2010	2009
Staff numbers		
Manufacturing and production	1,181	1,159
Administration and management	237	246
Distribution	29	29
	1,447	1,434

7 Tax on profit/(loss) on ordinary activities

	2010 £'000	2009 £'000
Current tax		
Withholding tax	5	45
Prior year adjustment	(171)	-
Total current tax	(166)	45

Factors affecting the current tax for the year

The tax assessed for the year is lower (2009 lower) than the standard higher rate of corporation tax in the UK 28% (2009 28%) The differences are explained below

	2010 £'000	2009 £'000
Profit/(loss) on ordinary activity before taxation	19,707	(31,580)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	5,518	(8,842)
Effects of		
Expenses not deductible for tax purposes	125	145
Accelerated capital allowances and other timing differences	(2,278)	581
Losses not utilised	-	8,116
Losses brought forward utilised	(2,526)	-
Group relief for nil consideration	(339)	-
Withholding tax	5	45
Adjustments to tax charge in respect of prior periods	(171)	-
Total current tax charge	(166)	45

Johnson Controls Automotive (UK) Limited

Notes to the financial statements for the year ended 30 September 2010 (cont'd)

7 Tax on profit/(loss) on ordinary activities (cont'd)

Changes in tax rates introduced by the emergency budget

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement The Finance (No 2) Act 2010, which was substantially enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28 per cent to 27 per cent from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1 per cent per annum to 24 per cent by 1 April 2014.

The proposed reductions of the main rate of corporation tax by 1 per cent per year to 24 per cent by 1 April 2014 are expected to be enacted separately each year.

8 Disposal

On 30th May 2010, Johnson Controls Automotive (UK) Limited ceased trading at its Redditch site and sold the site assets to Lear Corporation (UK) Limited for £3,640,000.

The loss on disposal of these assets arose as follows:

	£'000
Tangible Fixed Assets	1,810
Stocks	2,118
Debtors	70
Accruals	(102)
Total value of assets sold	3,896
Loss on disposal	(256)
Cash consideration	3,640

The breakdown of operating profit for the discontinued operations is shown below:

	2010 £'000	2010 £'000	2010 £'000	2009 £'000	2009 £'000	2009 £'000
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Turnover	490,559	80,536	571,095	381,165	60,988	442,153
Cost of Sales	(452,907)	(79,391)	(532,298)	(380,848)	(64,455)	(445,303)
Gross Margin	37,652	1,145	38,797	317	(3,467)	(3,150)
Distribution costs	(660)	(593)	(1,253)	(485)	(810)	(1,295)
Administrative expenses	(17,603)	(1,677)	(19,280)	(25,192)	(1,909)	(27,101)
Total Operating Profit	19,389	(1,125)	18,264	(25,360)	(6,186)	(31,546)

Johnson Controls Automotive (UK) Limited

Notes to the financial statements for the year ended 30 September 2010 (cont'd)

9 Parent company profit and loss account

Johnson Controls Automotive (UK) Limited has not presented a company profit and loss account as permitted by Section 408 of the Companies Act 2006. The amount of the parent company's profit for the financial year was £19,873,000 (2009 loss £31,625,000)

10 Intangible assets

	Group Goodwill £'000	Company Goodwill £'000
Cost		
At 1 October 2009 and at 30 September 2010	16,634	15,598
Aggregate amortisation		
At 1 October 2009 and at 30 September 2010	(16,634)	(15,598)
Net book value		
At 1 October 2009 and at 30 September 2010	-	-

11 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
Cost						
At 1 October 2009	7,331	20,543	6,268	75,990	5,940	116,072
Additions	-	22	59	3,509	3,450	7,040
Transfers from Construction in progress	1,256	320	343	5,855	(7,774)	-
Disposals	(3,573)	(583)	(1,890)	(18,615)	-	(24,661)
At 30 September 2010	5,014	20,302	4,780	66,739	1,616	98,451
Accumulated depreciation						
At 1 October 2009	5,144	9,407	6,043	56,993	-	77,587
Charge for the year	479	544	193	6,268	-	7,484
Disposals	(2,615)	(564)	(1,885)	(17,601)	-	(22,665)
At 30 September 2010	3,008	9,387	4,351	45,660	-	62,406
Net book amount						
At 30 September 2010	2,006	10,915	429	21,079	1,616	36,045
At 30 September 2009	2,187	11,136	225	18,997	5,940	38,485

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

At 30 September 2010 future capital expenditure for the group authorised by the directors but not provided in the accounts was £nil (2009 £nil)

Johnson Controls Automotive (UK) Limited

Notes to the financial statements for the year ended 30 September 2010 (cont'd)

12 Interest in joint venture - share of gross assets - group

	Total £'000
Interest in joint venture and associates	
Cost	
At 1 October 2009 and 30 September 2010	17,422
Provision for impairment	
At 1 October 2009 and 30 September 2010	(13,953)
Net book amount at 1 October 2009 and 30 September 2010	3,469

13 Interest in joint venture - share of gross assets - company

	Total £'000
Interest in joint venture and associates	
Cost	
At 1 October 2009 and 30 September 2010	14,970
Provision for impairment	
At 1 October 2009 and 30 September 2010	(13,952)
Net book amount at 1 October 2009 and 30 September 2010	1,018

At 30 September 2010 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 2010 (cont'd)

14 Stock and work in progress – group and company

	2010	2009
	£'000	£'000
Raw materials	12,826	13,537
Work in progress	183	79
	13,009	13,616

The replacement cost of stocks does not materially exceed the amounts stated in the balance sheet at 30 September 2010

15 Debtors – group and company

	2010	2009
	£'000	£'000
Trade debtors	60,474	78,487
Amounts owed by fellow subsidiary undertakings	82,253	72,244
Amounts owed by parent undertakings	23,159	-
Corporation tax	-	66
Other current debtors	4,231	9,055
Other non-current debtors	4,682	-
	174,799	159,852

Amounts owed by fellow subsidiary undertakings include a £40 million loan which bears interest at a rate of 4.8031% per annum and a £23 million loan which bears interest at a rate of 2.4% per annum. All other amounts 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 2010 (cont'd)

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

	2010	2009
	£'000	£'000
Bank loans and overdrafts	9,677	13,056
Trade creditors	26,111	37,303
Amounts owed to fellow subsidiary undertakings	50,131	57,200
Other creditors (including taxation and social security)	1,255	1,611
Tooling expenditure recoverable from customers	-	808
Government grants	87	-
Accruals and deferred income	31,004	32,264
	118,265	142,242

The company has guaranteed the borrowing of certain other UK group companies under cross guarantee arrangements

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

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

	2010	2009
	£'000	£'000
Amounts owed to group undertakings	3,626	3,468
Intercompany loans	88,750	88,750
Government grants and other current liabilities	5,424	7,257
	97,800	99,475

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

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 has stated it does not intend to exercise its right to convert this security for the next twelve months from the date of signing these financial statements.

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.

Johnson Controls Automotive (UK) Limited

Notes to the financial statements for the year ended 30 September 2010 (cont'd)

18 Deferred tax

The company does not have a material deferred tax liability at 30 September 2010. The company has trading losses to carry forward, however no deferred tax asset has been recognised as the company cannot assess with sufficient certainty the future recoverability.

Deferred tax	Maximum potential asset	
	2010	2009
	£'000	£'000
Accelerated capital allowances	(5,712)	(6,709)
Short term timing differences	(1,501)	(971)
Losses	(8,837)	(10,511)
Pension liability	(2,503)	(3,879)
	(18,553)	(22,070)

19 Called up share capital – group and company

Authorised	2010	2009
	£'000	£'000
1,500,000 (2009 1,500,000) ordinary shares of £1 each	1,500	1,500
55,000,000 (2009 55,000,000) Redeemable shares of £1 each	55,000	55,000
85,000,000 (2009 85,000,000) Cumulative preference shares of £1 each	85,000	85,000
111,400,000 (2009 111,400,000) Preference shares of £1 each	111,400	111,400
	252,900	252,900

Allotted, called up and fully paid	2010	2009
	£'000	£'000
4,140,000 (2009 1,040,000) ordinary shares of £1 each	4,140	1,040
40,000,000 (2009 40,000,000) preference shares of £1 each	40,000	40,000
71,000,000 (2009 71,000,000) cumulative preference shares of £1 each	71,000	71,000
	115,140	112,040

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 2010 (cont'd)

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

The preference shares carry the following rights and obligations

- 1 The preference shares carry the right to receive a cumulative preferential dividend at the rate of 13 25% per annum
- 2 On winding up the holders of the preference shares shall be entitled to repayment of the capital paid on those shares in priority to any payment to holders of ordinary shares or redeemable shares but not in priority of holders of cumulative preference shares
- 3 The preference share holders are not entitled to attend or vote at any general meeting

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

During the year 3,100,000 ordinary shares of £1 were issued. The aggregate nominal value of these shares is £3,100,000 and this was received as consideration for the purchase

20 Financial commitments – group and company

At 30 September 2010 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	163	421	715	1,299
Other	129	727	-	856
	292	1,148	715	2,155

At 30 September 2009	Within 1 year £'000	2 – 5 years £'000	After 5 years £'000	Total £'000
Land and Buildings	-	615	1,817	2,432
Other	223	436	-	659
	223	1,051	1,817	3,091

Johnson Controls Automotive (UK) Limited

Notes to the financial statements for the year ended 30 September 2010 (cont'd)

21 Reserves

	Group £'000	Company £'000
At 1 October 2009	(131,007)	(133,458)
Profit for the financial year	19,873	19,873
Actuarial loss on pension scheme	(2,018)	(2,018)
At 30 September 2010	(113,152)	(115,603)
Pension deficit	9,269	9,269
Profit and loss reserve excluding pension deficit	(103,883)	(106,334)

The group's share of the undistributed losses of the associated companies included within the profit and loss account at 30 September 2010 was £2,453,000 (2009 £2,453,000)

22 Reconciliation of movements in shareholders' deficit

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Profit/(loss) for the financial year	19,873	(31,625)	19,873	(31,625)
Opening total shareholders deficit	(18,967)	(10,902)	(21,418)	(13,353)
Issued preference share capital	-	40,000	-	40,000
Issued ordinary share capital	3,100	-	3,100	-
Actuarial loss on pension scheme	(2,018)	(16,440)	(2,018)	(16,440)
Closing total shareholders funds/(deficit)	1,988	(18,967)	(463)	(21,418)

23 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 £1,477,649 (2009 £2,250,536) to this plan. At the year end other creditors included £188,117 (2009 £270,763) 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 2008 and updated to 30 September 2010 by qualified independent actuaries.

Johnson Controls Automotive (UK) Limited

Notes to the financial statements for the year ended 30 September 2010 (cont'd)

23 Pension costs (cont'd)

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

	2010 %pa	2009 %pa	2008 %pa
Inflation	3.25	3.50	3.70
Rate of increase in salaries	3.75	4.00	4.70
Rate of increase of pensions in payment	3.05	3.30	3.70
Rate of increase of pensions in deferment	3.11	3.30	3.70
Discount rate	5.25	5.75	7.00

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

	2010		2009	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	22.2	24.5	22.2	24.5
Member age 45 (life expectancy at age 65)	24.1	26.3	24.1	26.3

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

	2010		2009	
	Expected rate of return %pa	Fair value £'000	Expected rate of return %pa	Fair value £'000
Equities	8.25	53,227	8.50	49,492
Bonds	4.50	43,152	5.25	31,900
Others	N/A	482	6.00	424
		96,861		81,816

	2010 £'000	2009 £'000
Change in benefit obligation		
Benefit obligation at beginning of year	95,671	70,511
Current service cost	1,679	1,492
Interest cost	5,486	4,912
Member contributions	-	82
Past service costs	-	310
Actuarial losses	5,307	20,699
Curtailment	-	(293)
Benefits paid	(2,013)	(2,042)
Benefit obligation at end of year	106,130	95,671

Johnson Controls Automotive (UK) Limited

Notes to the financial statements for the year ended 30 September 2010 (cont'd)

23 Pension costs (cont'd)

	2010	2009
	£'000	£'000
Reconciliation of fair value of scheme assets		
Fair value of scheme assets at beginning of year	81,816	69,420
Expected return on scheme assets	6,095	5,107
Investment gains/(losses)	3,289	4,259
Employer contributions	7,674	4,990
Members contributions	-	82
Benefits paid	(2,013)	(2,042)
Fair value of scheme assets at end of year	96,861	81,816

The expected return on plan assets is a blended average of projected long-term returns for the various asset classes. Asset class returns are based on a forward looking building block approach. Equity returns are developed based on the selection of an equity risk premium above the risk free rate which is measured in accordance with the yield on government bonds. Bond returns are selected by reference to the yields on government and corporate debt as appropriate to the Scheme's holdings of these instruments. The expected returns are calculated net of expected investment expenses.

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

	2010	2009	2008	2007	2006
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme assets	96,861	81,816	69,420	78,430	69,545
Present value of scheme liabilities	(106,130)	(95,671)	(70,511)	(81,504)	(76,057)
Net pension deficit in the scheme	(9,269)	(13,855)	(1,091)	(3,074)	(6,512)

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

	2010	2009
	£'000	£'000
Operating profit		
Current service cost – defined contribution scheme	1,478	2,251
Current service cost – defined benefit scheme	1,679	1,492
Curtailment	-	293
Total operating charge	3,157	4,036

	2010	2009
	£'000	£'000
Other finance income		
Expected return on pension scheme assets	6,095	5,107
Interest on pension scheme liabilities	(5,486)	(4,912)
Net finance income	609	195

Johnson Controls Automotive (UK) Limited

Notes to the financial statements for the year ended 30 September 2010 (cont'd)

23 Pension costs (cont'd)

	2010	2009
	£'000	£'000
Statement of total recognised gains and losses		
Actuarial loss recognised in the year	2,018	16,440
Cumulative actuarial losses recognised	20,908	18,890

Details of experience gains and losses for the year

	2010	2009	2008	2007	2006
Difference between expected and actual return on Scheme assets					
Amount (£'000s)	3,289	4,259	(18,191)	(342)	1,936
Percentage of Scheme assets	3%	5%	(26)%	0%	3%
Experience gains and losses on Scheme liabilities.					
Amount (£'000s)	-	-	266	-	-
Percentage of Scheme liabilities	0 %	0%	0%	0%	0%

The actual return on plan assets was £9,384,000 (2009 (£9,366,000))

The company expects to contribute £3,634,000 to its pension plan in 2011

24 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

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