

JOHNSON CONTROLS (UK) LIMITED
DIRECTORS' REPORT AND ACCOUNTS
31 AUGUST 1992

Signed Copy

Registered Number: 2215149



JOHNSON CONTROLS (UK) LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements of the group for the year ended 31 August 1992.

RESULTS AND DIVIDEND

The results for the year and the financial position of the group are shown in the annexed accounts. The directors do not recommend the payment of a dividend. The retained profit for the year of £4,027,000 (1991: £2,861,000) has been transferred to reserves.

REVIEW OF THE BUSINESS

The principal activities of the group remain

- The design, installation and service of control systems, the provision of facility management services and the supply of related products.
- The manufacture and sale of trimmed seats and seat components for the automotive industry.
- The manufacture of plastic injection moulded products.
- The sale and service of plastics blow moulding machinery.

During the year the group made the following investments:

On 4 October 1991 51% of the issued share capital of Harrison and Jones-Naue Group Limited was purchased and on 24 November 1991 the remaining 49% was purchased. The total cost of the investment was £1,226,000. This company manufactures automotive seat foam, rubberised seat pads and polyurethane automotive interior components, and is based in Liverpool.

On 6 December 1991 the group increased its investments in JRI Technologies Limited by £860,000. At the same time loans of £300,000 and £200,000 were repaid by that company. The group now controls 46.7% of the issued share capital of JRI Technologies Limited.

On 24 January 1992 the group purchased all of the share capital of Pacplas Limited, a company based in North Wales making injection mouldings. The purchase price was £2,461,000.

On 1 June 1992 the group acquired 100% of the share capital of Paul Carter (Environmental Services) Limited for £56,000. This company operates in the building services market in the South East of England.

Trading conditions in all areas of the group's activities remain difficult. Nevertheless the directors believe that by focusing investment and management attention on those areas where the group has technological leadership and/or strong market share it will be possible to increase both sales and profits in the medium term.

JOHNSON CONTROLS (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FUTURE DEVELOPMENTS

Despite the impact of the recession in the UK on both its construction and automotive businesses, the group expects to maintain both its sales and profits growth in the coming year.

POST BALANCE SHEET EVENTS

On 29 April 1993 the group acquired 50% of the issued share capital of 'HW Engineering Limited a company manufacturing seat recliner mechanisms for the automotive industry.

DIRECTORS

The following served as directors during the year:

P S Fleming
J P Kennedy
J McDonough
S Roell

None of the directors has any interest, direct or indirect, in any contract entered into by the company, nor any beneficial interest in the shares of the company.

FIXED ASSETS

Movements in tangible fixed assets in the year are shown in note 10.

EMPLOYMENT POLICIES

It is the policy of the group 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.

AUDITORS

Price Waterhouse have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board


PS Fleming
Secretary

12 November 1993

Price Waterhouse



**AUDITORS' REPORT TO THE MEMBERS OF
JOHNSON CONTROLS (UK) LIMITED**

We have audited the financial statements on pages 4 to 23 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group at 31 August 1992 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants
and Registered Auditors

12 November 1993

JOHNSON CONTROLS (UK) LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 1992

	Notes	1992 £'000	1991 £'000
TURNOVER		101,968	75,960
Cost of sales		<u>(85,199)</u>	<u>(64,299)</u>
GROSS PROFIT		16,769	11,661
Distribution costs	(5,730)	(4,948)	
Administrative expenses	(4,925)	(4,309)	
Other operating income	<u>969</u>	<u>117</u>	
		<u>(9,686)</u>	<u>(9,140)</u>
OPERATING PROFIT		7,083	2,521
Income from interests in associated undertakings		284	1,030
Interest receivable and similar income		412	490
Interest payable and similar charges	3	<u>(1,653)</u>	<u>(509)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	6,126	3,533
Tax on profit on ordinary activities	6	<u>(2,091)</u>	<u>(918)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		4,035	2,615
Minority interest		(8)	-
Extraordinary item		<u>-</u>	<u>246</u>
PROFIT FOR THE FINANCIAL YEAR		4,027	2,861
RETAINED PROFIT BROUGHT FORWARD		8,256	5,395
GOODWILL WRITTEN OFF	21	<u>(2,471)</u>	<u>-</u>
RETAINED PROFIT CARRIED FORWARD		<u>9,812</u>	<u>8,256</u>

The notes on pages 8 to 23 form part of these accounts.

JOHNSON CONTROLS (UK) LIMITED

GROUP BALANCE SHEET - 31 AUGUST 1992

	Notes	1992	1991
		£'000	£'000
FIXED ASSETS			
Intangible assets	9	321	-
Tangible assets	10	21,022	8,368
Investments	11	<u>2,278</u>	<u>1,282</u>
		23,621	9,650
CURRENT ASSETS			
Stocks	12	4,806	3,600
Debtors	13	17,829	19,203
Cash at bank and in hand		<u>5,359</u>	<u>6,030</u>
		27,994	28,833
CREDITORS - Amounts falling due within one year	14	<u>(38,222)</u>	<u>(27,558)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(10,228)</u>	<u>1,275</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,393	10,925
CREDITORS - Amounts falling due after more than one year	15	(339)	(285)
PROVISIONS FOR LIABILITIES AND CHARGES	17	<u>(1,227)</u>	<u>(369)</u>
		11,827	10,271
CAPITAL AND RESERVES			
Called up share capital	18	12	12
Share premium account	19	2,003	2,003
Profit and loss account		<u>9,812</u>	<u>8,256</u>
		11,827	10,271

The notes on pages 8 to 23 form part of these accounts.


P S Fleming (Director)

APPROVED BY THE BOARD
ON 12 NOVEMBER 1993

JOHNSON CONTROLS (UK) LIMITED

COMPANY BALANCE SHEET - 31 AUGUST 1992

	Notes	1992 £'000	1991 £'000
FIXED ASSETS			
Investments	11	4,477	2,015
CURRENT ASSETS			
Cash at bank and in hand		-	232
Debtors	13	<u>13</u>	<u>-</u>
		13	232
CREDITORS - Amounts falling due within one year	14	<u>(2,269)</u>	<u>(80)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(2,256)</u>	<u>152</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,221</u>	<u>2,167</u>
CAPITAL AND RESERVES			
Called up share capital	18	12	12
Share premium account	19	2,003	2,003
Profit and loss account	19	<u>206</u>	<u>152</u>
		<u>2,221</u>	<u>2,167</u>

The notes on pages 8 to 23 form part of these accounts.

P S Fleming (Director)

APPROVED BY THE BOARD
ON 12 NOVEMBER 1993

JOHNSON CONTROLS (UK) LIMITED

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 1992

	<u>Note</u>	<u>1992</u> £'000	<u>1991</u> £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	23A	<u>18,152</u>	<u>942</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		418	474
Interest paid		(1,769)	(494)
Interest element of finance lease rentals payments		(36)	(24)
Investment provisions written back		<u>-</u>	<u>(10)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(1,387)</u>	<u>(54)</u>
TAXATION			
UK corporation tax paid		<u>(615)</u>	<u>(166)</u>
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(7,712)	(1,695)
Purchase of intangible assets		(350)	-
Purchase of subsidiary undertakings (net of cash and cash equivalents acquired)	23E	(7,845)	-
Sale of plant and machinery		107	616
Loans to related undertakings		(3,900)	(500)
Purchase of additional shares in associated undertakings		<u>(860)</u>	<u>(822)</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(20,560)</u>	<u>(2,401)</u>
FINANCING			
Repayment of amounts lent to associated undertakings		900	621
New short-term loans obtained		10,010	7,750
Repayment of amounts borrowed		(8,253)	(1,015)
Capital element of finance lease rental payments		<u>(812)</u>	<u>(617)</u>
NET CASH OUTFLOW FROM FINANCING		1,845	8,769
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	23C	<u>(2,565)</u>	<u>7,090</u>

JOHNSON CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 1992

1 ACCOUNTING POLICIES

a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Basis of consolidation

The consolidated accounts include the results of the company and all its subsidiaries. Acquisitions of subsidiaries are included in the accounts using the acquisition accounting method. Goodwill arising on acquisition is written off immediately against reserves. Intra group sales and profits are eliminated on consolidation.

c) Associated undertakings

All companies in which the group owns at least 20% of the equity on a long term basis and in which, in the opinion of the directors, it also exercises a significant influence in their management, are treated as associated undertakings. Accordingly, the group's share of the profits or losses of those companies is included in the profit and loss account and the investments are stated in the consolidated balance sheet at the value of the group's share of the underlying net assets. Where an associated undertaking has net liabilities, provision is made for the group's share of those net liabilities.

d) Investments

Investments in subsidiaries have previously been acquired as consideration for the issue of shares to group companies and advantage has been taken of the provisions of Companies Act 1985 s132 (group reconstruction relief) to reduce the amount required to be transferred to the share premium account. Investments in subsidiaries are stated in the company's balance sheet at the sum of the nominal value of shares issued and the amounts required to be transferred to the share premium account under Companies Act 1985 s132.

e) Depreciation

Depreciation is calculated on the straight line method by reference to the expected useful life of each category of fixed asset.

Depreciation periods are as follows:

Freehold buildings	50 years
Leasehold buildings and improvements	
- leases over 50 years	50 years
- leases under 50 years	remaining life of lease
Motor vehicles	2-4 years
Plant and equipment	5-10 years

JOHNSON CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 1992 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

f) Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value.

Work in progress is stated at the lower of cost and net realisable value. In the case of construction contracts, cost represents materials, labour and direct site expenses where applicable. Profit is taken when contracts are considered to be substantially complete. In the case of manufactured work in progress and finished goods, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads.

Provision is made against subcontractors' claims at such times as the validity of these claims is recognised. No credit is taken for claims receivable on contracts until there is a firm agreement for the settlement of the claim.

Billings are rendered on account of contracts in progress which in the financial statements are stated net of such billings received and receivable except where they exceed the cost of work done. Any excess received is included under current liabilities.

g) Deferred taxation

Provision is made for deferred taxation only where it is considered probable that timing differences will reverse and give rise to a taxation liability in the foreseeable future.

h) Turnover

Turnover comprises the gross sale value of products and of contracts taken to completion in the year. Turnover is stated net of trade discounts allowed and excludes Value Added Tax.

i) Pension costs

The estimated cost of pensions, based on the advice of independent qualified actuaries, in respect of the group's pension schemes is charged to the profit and loss account so as to spread the cost of pensions over the working lives of employees who are members of the schemes. Variations from the estimated costs are spread over the expected remaining service lives of current employees in the scheme.

j) Foreign currencies

Assets and liabilities in foreign currencies are expressed in sterling at rates ruling at the year end.

Income and expenditure denominated in foreign currencies have been translated into sterling at the exchange rates ruling at the time of the transaction.

JOHNSON CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 1992 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

k) Finance leases

With the exception noted below, assets held under finance leases have been capitalised and depreciated in accordance with note 1(e) above. Finance charges are allocated to accounting periods so as to produce a constant rate of charge on the outstanding lease obligation. Lease payments, net of finance charges, are applied to reduce lease obligations.

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

l) Operating leases

The costs of operating leases are charged to the profit and loss account as incurred.

m) Research and development

Research and development costs are charged to the profit and loss account as incurred.

n) Grants

Grants receivable in respect of capital expenditure are included in the balance sheet as deferred income and are released to profits over the depreciable lives of the assets to which they relate.

o) Licences

Licences relating to products or technology are capitalised at their purchase price and amortised over the anticipated useful life of the licence (5 years).

2 SEGMENTAL INFORMATION

The analysis of turnover and profits between different classes of activity and markets has been omitted from the financial statements since, in the opinion of the directors, the disclosure of such information will be seriously prejudicial to the interests of the company.

3 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1992</u>	<u>1991</u>
	<u>£'000</u>	<u>£'000</u>
Interest payable on bank loans and overdrafts wholly repayable within 5 years	128	298
Interest payable to group undertakings	1,489	186
Finance lease charges	<u>36</u>	<u>24</u>
	<u>1,653</u>	<u>508</u>

JOHNSON CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 1992 (CONTINUED)

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1992</u> £'000	<u>1991</u> £'000
The profit on ordinary activities before taxation is stated after taking into account:		
Staff costs - wages and salaries	21,022	16,924
- social security costs	1,953	1,463
- other pension costs	806	635
Depreciation - owned assets	3,475	1,911
- assets held under finance leases	135	71
Amortisation of licences	29	-
Hire charges	160	135
Operating lease charges - plant and machinery	955	909
- other	569	534
Auditors' remuneration	113	63
Research and development	591	-
	<hr/>	<hr/>

5 DIRECTORS AND EMPLOYEES

	<u>1992</u> £	<u>1991</u> £
Directors' remuneration	298,771	79,820
Compensation for loss of office	<hr/> -	<u>30,000</u>
	<hr/> 298,771	<hr/> 109,820

The emoluments of the chairman were £Nil (1991: £Nil) and the emoluments of the highest paid director, excluding pension contributions, were £223,970 (1991: £51,941).

The emoluments of other directors, excluding pension contributions, were in the ranges:

	<u>1992</u> Number	<u>1991</u> Number
£Nil - £5,000	1	2
£5,001 - £10,000	-	1
£15,001 - £20,000	-	1
£50,001 - £55,000	1	-
	<hr/>	<hr/>

The average number of employees employed by the group was: 1,370 1,063

JOHNSON CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 1992 (CONTINUED)

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1992</u> £'000	<u>1991</u> £'000
Corporation tax at 33.00% (1991: 33.58%)	1,922	884
Deferred taxation	657	34
Prior year adjustments	<u>(488)</u>	<u>-</u>
	<u>2,091</u>	<u>918</u>

7 EXTRAORDINARY ITEM

The extraordinary item relates to the profit on disposal of the business and assets of the windscreen wiper division of Johnson Controls Automotive (UK) Limited, which was sold on 31 August 1991 for £630,000.

8 PARENT COMPANY PROFIT AND LOSS ACCOUNT

Johnson Controls (UK) Limited has not presented its own profit and loss account as permitted by section 230(1) of the Companies Act 1985. The parent company's profit and loss account was approved by the board on 12 November 1993. The amount of the parent company's profit for the financial year was £54,466 (1991: £94,251).

9 INTANGIBLE FIXED ASSETS

<u>Group</u>	<u>Licences</u> £'000
<u>Cost</u>	
At 1 September 1991	-
Additions	<u>350</u>
At 31 August 1992	<u>350</u>
<u>Amortisation</u>	
At 1 September 1991	-
Charge for the year	<u>29</u>
At 31 August 1992	<u>29</u>
<u>Net book amount</u>	
At 31 August 1992	<u>321</u>
At 31 August 1991	<u>-</u>

JOHNSON CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 1992 (CONTINUED)

10 TANGIBLE FIXED ASSETS

<u>Group</u>	<u>Land and buildings</u>			<u>Plant, equipment and vehicles</u>	<u>Construction in progress</u>	<u>Total</u>
	<u>Freehold</u>	<u>Leases over 50 years</u>	<u>Leases under 50 years</u>			
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>Cost</u>						
At 1 September 1991	1,637	99	373	13,562	202	15,873
Additions	1,565	393	65	9,955	4,415	16,393
Disposals	-	-	-	(1,071)	(6)	(1,077)
Transfers	24	-	-	359	(383)	-
At 31 August 1992	3,226	492	438	22,805	4,228	31,189
<u>Depreciation</u>						
At 1 September 1991	68	22	85	7,330	-	7,505
Charge for the year	53	9	41	3,507	-	3,610
Disposals	-	-	(90)	(858)	-	(948)
At 31 August 1992	121	31	36	9,979	-	10,167
<u>Net book amount</u>						
At 31 August 1992	<u>3,105</u>	<u>461</u>	<u>402</u>	<u>12,826</u>	<u>4,228</u>	<u>21,022</u>
At 31 August 1991	<u>1,569</u>	<u>77</u>	<u>288</u>	<u>6,232</u>	<u>202</u>	<u>8,368</u>

The net book amount of plant, equipment and vehicles includes £467,000 (1991: £167,000) in respect of assets acquired under finance leases.

At 31 August 1992, future capital expenditure amounting to £2,517,000 (1991: £4,976,000) had been authorised. Contracts had been placed in respect of £856,000 (1991: £1,221,000) of this amount.

JOHNSON CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 1992 (CONTINUED)

11 INVESTMENTS

<u>Group</u>	Interests in associated undertakings £'000
<u>Cost or valuation</u>	
At 1 September 1991	2,049
Additions	860
Share of retained profits/(losses) for the year	<u>452</u>
At 31 August 1992	3,361
<u>Provision for temporary diminution in value</u>	
At 1 September 1991	767
Increase in provision	168
Transfer from provision for share of net liabilities of associated undertakings (Note 17)	<u>148</u>
At 31 August 1992	1,083
Net book amount at 31 August 1992	2,278
Net book amount at 31 August 1991	<u>1,282</u>
<u>Company</u>	Shares in group undertakings £'000
<u>Cost</u>	
At 1 September 1991	2,015
Additions	<u>2,462</u>
At 31 August 1992	<u>4,477</u>

JOHNSON CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 1992 (CONTINUED)

11 INVESTMENTS (continued)

GROUP AND ASSOCIATED UNDERTAKINGS

			Proportion of nominal value of issued shares held by:	
	<u>Business</u>	<u>Class of shares</u>	<u>the company</u>	<u>other group companies</u>
<u>Group undertakings</u>				
Johnson Control Systems Limited	Controls installation	Ordinary	100%	-
		Preferred Ordinary	100%	-
Johnson Controls Automotive (UK) Limited	Manufacture of seat components	Ordinary	100%	-
Pacplas Limited	Plastic moulded products	Ordinary	100%	-
Uniloy (UK) Limited	Sales of machinery	Ordinary	-	100%
Johnson Control Systems (Pensions) Limited	Pension trustee	Ordinary	-	100%
Johnson Controls Automotive Components Limited	Manufacture of seat components	Ordinary	-	100%
Johnson Controls Automotive Foam Limited	Manufacture of seat components	Ordinary	-	100%
Harrison and Jones- Naue Group Limited	Investment Holding Company	Ordinary	-	100%
Paul Carter (Environmental Services) Limited	Controls Installation	Ordinary	-	100%
<u>Associated undertakings</u>				
Ikeda Hoover Company Limited	Manufacture of seats	Ordinary	-	49%
JRI Technologies Limited	Manufacture of vehicle trims	Ordinary	-	47%

All group and associated undertakings are registered, and operate, in England and Wales and, with the exception of Ikeda Hoover Company Limited, prepare their accounts to 31 August each year. Ikeda Hoover Company Limited prepares its accounts to 31 December, the accounting year end of its majority shareholder.

JOHNSON CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 1992 (CONTINUED)

12	STOCKS			<u>1992</u>	<u>1991</u>
				£'000	£'000
	<u>Group</u>				
	Raw materials and consumables			922	656
	Finished goods and goods for resale			2,505	2,089
	Work in progress			7,285	15,686
	Billings on account			(5,906)	(14,831)
				<u>4,806</u>	<u>3,600</u>
13	DEBTORS				
			<u>Company</u>		<u>Group</u>
			<u>1992</u>	<u>1991</u>	<u>1992</u>
			£'000	£'000	£'000
	<u>Group</u>				
	Loans to associated undertakings	-	-	3,500	500
	Trade debtors	-	-	12,505	11,612
	Amounts owed by group undertakings	13	-	724	5,482
	Amounts owed by associated undertakings	-	-	46	161
	Other debtors	-	-	543	808
	Prepayments and accrued income	-	-	<u>511</u>	<u>640</u>
		13	-	<u>17,829</u>	<u>19,203</u>
	Trade debtors included above falling due after more than one year	-	-	<u>104</u>	<u>601</u>
14	CREDITORS - Amounts falling due within one year				
			<u>Company</u>		<u>Group</u>
			<u>1992</u>	<u>1991</u>	<u>1992</u>
			£'000	£'000	£'000
	Bank loans and overdrafts (unsecured)	2,201	-	2,304	410
	Payments received on account	-	-	1,497	3,361
	Trade creditors	-	-	11,901	6,840
	Amounts owed to group undertakings	-	-	11,589	9,730
	Taxation and social security	57	77	4,788	3,206
	Other creditors	-	-	77	126
	Accruals and deferred income	-	3	5,309	3,313
	Lease creditors	11	-	750	572
	Other loans	-	-	<u>7</u>	<u>-</u>
		2,269	80	<u>38,222</u>	<u>27,558</u>

JOHNSON CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 1992 (CONTINUED)

15 CREDITORS - Amounts falling due after more than one year

<u>Group</u>	<u>1992</u> £'000	<u>1991</u> £'000
Lease creditors	275	285
Other loans	<u>64</u>	<u>-</u>
	339	285
	<u>---</u>	<u>---</u>

16 LEASE OBLIGATIONS

Group

Finance leases

Obligations under finance leases, net of finance charges allocated to future periods, are as follows:

	<u>1992</u> £'000	<u>1991</u> £'000
Finance lease payments due:		
Within one year	750	572
Between one and five years	<u>275</u>	<u>285</u>
	1,025	857
	<u>---</u>	<u>---</u>

Operating leases

During the year ending 31 August 1993 the group has commitments to make the following payments under non cancellable operating leases:

	<u>1992</u>		<u>1991</u>	
	<u>Land and</u> <u>buildings</u> £'000	<u>Other</u> £'000	<u>Land and</u> <u>buildings</u> £'000	<u>Other</u> £'000
<u>Operating lease commitments expiring</u>				
Within one year	61	238	80	168
Between one and five years	152	601	163	565
After five years	<u>418</u>	<u>---</u>	<u>271</u>	<u>---</u>
	631	839	514	733
	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>

JOHNSON CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 1992 (CONTINUED)

17	PROVISIONS FOR LIABILITIES AND CHARGES	<u>1992</u> £'000	<u>1991</u> £'000
	<u>Group</u>		
	Provision for share of net liabilities of associated undertakings	-	148
	Deferred taxation	<u>1,227</u>	<u>221</u>
		<u>1,227</u>	<u>369</u>
			Provision for share of net liabilities of associated undertakings
	<u>Deferred taxation</u>	<u>£'000</u>	<u>£'000</u>
	At 1 September 1991	221	148
	Acquired in the year	349	-
	Charge to profit in the year	657	-
	Transferred to provisions for temporary diminution in value (note 10)	<u>-</u>	<u>(148)</u>
	At 31 August 1992	<u>1,227</u>	<u>-</u>
	<u>Deferred taxation</u>	<u>1992</u> £'000	<u>1991</u> £'000
	Deferred taxation provided in the accounts, which represents the maximum potential deferred tax liability, comprises:		
	Accelerated capital allowances	1,211	569
	Other timing differences	<u>16</u>	<u>(90)</u>
		<u>1,227</u>	<u>479</u>
	Trading losses	<u>-</u>	<u>(258)</u>
		<u>1,227</u>	<u>221</u>

JOHNSON CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 1992 (CONTINUED)

18 CALLED UP SHARE CAPITAL

<u>Company and group</u>	<u>1992</u> £'000	<u>1991</u> £'000
<u>Authorised</u>		
50,000 Ordinary shares of £1 each	50	50
50,000 Preferred ordinary shares of £1 each	<u>50</u>	<u>50</u>
	100	100
<u>Allotted and fully paid</u>		
10,002 Ordinary shares of £1 each	10	10
2,000 Preferred ordinary shares of £1 each	<u>2</u>	<u>2</u>
	12	12

19 RESERVES

	<u>Company profit and loss account</u> £'000	<u>Group and company share premium account</u> £'000
At 1 September 1991	152	2,003
Transferred from the profit and loss account	<u>54</u>	<u>-</u>
At 31 August 1992	206	2,003

20 PENSIONS

The group operates two defined benefit pension schemes, the assets of which are held in separate trustee-administered funds. The pension cost charged to the profit and loss account is calculated by qualified actuaries so as to spread the cost of pensions over the employees' working lives with the group. These costs are based on the most recent actuarial valuations, which were as at 31 March 1990. The actuarial method used in both valuations was the projected unit method, and the most significant assumptions relating to the valuation were a net investment return of 9% per annum, salary growth of 8% per annum and increases to present and future pensions at the rate of 4% per annum.

The pension charge for the period was £806,000 (1991: £635,000). Contributions totalling £10,000 (1991: £49,000) were payable to the pension schemes at the year end and are included in creditors.

The most recent actuarial valuation showed that the market value of the schemes' assets was £8,513,702 and that the actuarial value of these assets represented 97% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The fund deficits amounting to £303,000 are in respect of accrued service. No decisions have yet been made as to how these deficiencies will be dealt with.

JOHNSON CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 1992 (CONTINUED)

21 ACQUISITIONS

A number of acquisitions were made in the period as set out below:-

	Johnson Controls Automotive Foam Limited £'000	Pacplas Limited £'000	Paul Carter Environmental Services Ltd £'000	Harrison and Jones Naue Group Limited £'000	Total £'000
Cash consideration	5,250	2,461	56	1,226	8,993
Assets purchased:					
Fixed assets	4,441	2,689	68	1,483	8,681
Stocks	353	976	17	276	1,622
Debtors	-	3,109	150	387	3,946
Cash	6	-	2	641	649
Creditors	(400)	(4,842)	(279)	(2,855)	(8,376)
	4,400	1,932	(42)	232	6,522
Purchased goodwill	850	529	98	994	2,471

No fair value adjustments have been made; purchased goodwill has been written off to reserves.

22 CONTINGENT LIABILITIES

There are contingent liabilities within Johnson Control Systems Limited in respect of:

- after sales service which may need to be carried out under guarantees set out in the company's standard form of contract;
- claims and counter claims arising in the normal course of business under contracts in progress and completed at the year end, for which the directors do not consider any provision is necessary.

It is not practicable to provide an estimate of the amount of these contingent liabilities.

The group has indemnified 49% of any loss incurred by Ikeda Bussan Co Limited in relation to their guarantee of loans made to Ikeda Hoover Company Limited amounting to £7,500,000 at 31 August 1992 (1991: £7,500,000).

The group has indemnified a bank for 100% of its £3 million loan to JRI Technologies Limited. The group has, in return, cross guarantees from other shareholders covering 53% of the loan in proportion to their respective shareholdings.

JOHNSON CONTROLS (UK) LIMITED

NOTES TO THE GROUP CASH FLOW STATEMENTS - 31 AUGUST 1992

23A RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1992</u> £'000	<u>1991</u> £'000
Operating profit	7,083	2,521
Depreciation charges	3,610	1,982
Amortisation charges	29	-
Loss on sale of tangible fixed assets	23	61
Decrease/(increase) in stocks	416	(1,731)
Decrease/(increase) in debtors	8,320	(2,657)
Increase/(decrease) in creditors	<u>(1,329)</u>	<u>826</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	18,152	942

B ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

Balance at 1 September	5,620	(1,470)
Net cash (outflow)/inflow	(1,417)	7,030
Net overdraft balances acquired	<u>(1,148)</u>	<u>-</u>
Balance at 31 August	<u>3,055</u>	<u>5,620</u>

C ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1992</u> £'000	<u>1991</u> £'000	Change <u>in year</u> £'000
Cash at bank and in hand	5,359	6,030	(671)
Bank overdrafts	<u>(2,304)</u>	<u>(410)</u>	<u>(1,894)</u>
	<u>3,055</u>	<u>5,620</u>	<u>(2,565)</u>

JOHNSON CONTROLS (UK) LIMITED

NOTES TO THE GROUP CASH FLOW STATEMENTS - 31 AUGUST 1992 (continued)

D PURCHASE OF SUBSIDIARY UNDERTAKINGS	<u>1992</u> £'000
NET ASSETS ACQUIRED	
Tangible fixed assets	8,681
Stocks	1,622
Debtors	3,946
Cash at bank and in hand	649
Creditors	(5,141)
Bank overdrafts	(1,797)
Loans and finance leases	(1,089)
Deferred taxation	<u>(349)</u>
	6,522
Goodwill	<u>2,471</u>
	8,993
SATISFIED BY	<hr/>
Cash	8,993
	<hr/>

The subsidiary undertakings acquired during the year contributed £3,235,000 to the group's net operating cash flows, paid £540,000 in respect of net returns on investments and servicing of finance, paid £83,000 in respect of taxation and utilised £1,374,000 for investing activities.

E ANALYSIS OF THE NET OUTFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF THE PURCHASE OF SUBSIDIARY UNDERTAKINGS	<u>1992</u> £'000
Cash consideration	8,993
Cash at bank and in hand acquired	649
Bank overdrafts of acquired subsidiary undertakings	<u>(1,797)</u>
Net outflow of cash and cash equivalents in respect of the purchase of subsidiaries	7,845
	<hr/>

JOHNSON CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 1992 (CONTINUED)

24 POST BALANCE SHEET EVENTS

On 29 April 1993 the group acquired 50% of the issued share capital of IHW Engineering Limited a company manufacturing seat recliner mechanisms for the automotive industry.

25 PARENT COMPANY

The company's ultimate parent company 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 smallest and largest group to consolidate these accounts. Group accounts can be obtained from Johnson Controls Inc. 5757 N Green Bay Avenue, PO Box 591, Milwaukee, WI 53201.

-00000-