

**Johnson Controls (UK) Limited
Directors' report and financial
statements for the period ended
30 September 2000**

Registered no: 2215149



**JOHNSON
CONTROLS**

Johnson Controls (UK) Limited
Directors' report and financial statements
for the period ended 30 September 2000
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Johnson Controls (UK) Limited

Directors' report for the period ended 30 September 2000

The directors present their report and the audited financial statements of the company for the seven month period ended 30 September 2000.

Principal activity

The principal activity of the company continued to be that of a holding company.

Change in accounting reference date

On 2 October 2000 the accounting reference date was changed from 27 February to 30 September. Therefore these financial statements are for the seven month period to 30 September 2000, whereas the comparatives are for the twelve month period to 27 February 2000.

Review of the business and future developments

Both the level of business and the period end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Results and dividend

The company's retained profit for the period is £162,000 (27 February 2000: £2,782,000). The directors do not recommend payment of a dividend (27 February 2000: £nil).

Directors

The following served as directors during the period and to the date of this report:

J P Kennedy
S Roell
K Wooden
M Powell

None of the directors have any interest, direct or indirect, in any contract entered into by the company, nor any beneficial interest in the shares of the company, or its parent or its subsidiaries, which are required to be disclosed in these financial statements.

Euro

The Euro has no material impact on the company at present and no material impact is expected in the future.

Johnson Controls (UK) Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 30 September 2000 and that applicable accounting standards have been followed.

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.

Auditors

PricewaterhouseCoopers 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



K Wooden

Secretary

Date: 27 July 2001

Johnson Controls (UK) Limited

Auditors' report to the shareholders of Johnson Controls (UK) Limited

We have audited the financial statements on pages 4 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Directors' report and financial statements. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the Directors' report and financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

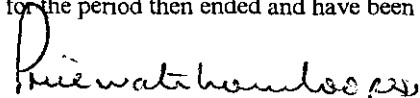
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Qualified opinion arising from non-consolidation of subsidiaries

As stated in note 8, the directors have used the exemption under section 229(3)(b) of the Companies Act 1985 not to prepare consolidated financial statements for the company and its subsidiary undertakings ("the Group") on the basis that the information necessary to do so cannot be obtained without disproportionate expense or undue delay.

Financial Reporting Standard 2 "Accounting for Subsidiary Undertakings" does not permit the use of this exemption to justify excluding from consolidation subsidiary undertakings that were individually or collectively material in the context of the Group during the period for which the financial statements were prepared. In our opinion consolidated financial statements for the Group should have been prepared in accordance with the requirements of Financial Reporting Standard 2.

Except for the omission of consolidated financial statements for the Group, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 2000 and of the profit of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Bristol

Date: 27 July 2001

Johnson Controls (UK) Limited

Profit and loss account for the period ended 30 September 2000

	Note	7 months to 30 September 2000 £'000	12 months to 27 February 2000 £'000
Administrative expenses		(76)	(199)
Operating loss		(76)	(199)
Profit/(loss) on disposal of fixed asset investments		106	(3,736)
Interest receivable and similar income	1	771	6,458
Interest payable and similar charges	2	(677)	(1,089)
Profit on ordinary activities before taxation	3	124	1,434
Taxation on profit on ordinary activities	5	38	1,348
Retained profit for the financial period	13	162	2,782

All operations are continuing.

The company has no recognised gains or losses other than those included in the profit above, and therefore no separate statement of total recognised gains and losses has been presented.

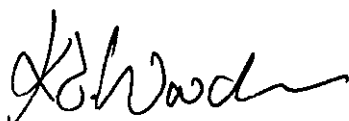
There is no difference between the profit on ordinary activities before taxation and the profit for the period stated above and their historical cost equivalents.

Johnson Controls (UK) Limited

Balance sheet as at 30 September 2000

	Note	30 September 2000 £'000	27 February 2000 £'000
Fixed assets			
Tangible assets	6	-	-
Investments	7	110,264	110,264
		110,264	110,264
Current assets			
Debtors	9	27,703	16,711
Cash		-	4,959
		27,703	21,670
Creditors: amounts falling due within one year	10	(115,913)	(110,240)
Net current liabilities		(88,210)	(88,570)
Total assets less current liabilities		22,054	21,694
Provisions for liabilities and charges	11	(198)	-
Net assets		21,856	21,694
Capital and reserves			
Called up share capital	12	48,012	48,012
Shares to be issued	14	1	1
Share premium account	13	2,003	2,003
Profit and loss account – deficit	13	(28,160)	(28,322)
Total shareholders' funds including non-equity interests	14	21,856	21,694

The financial statements on pages 4 to 14 were approved by the board of directors on 27 July 2001 and signed on its behalf by:



K Wooden
Director

Johnson Controls (UK) Limited

Accounting policies

The financial statements have been prepared in accordance with Accounting Standards applicable in the United Kingdom, other than the non-preparation of consolidated financial statements, as explained in note 8. A summary of the more important accounting policies, which have been applied consistently, are set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

Investments

Shares

Investments are normally stated at cost. Investments in certain subsidiaries were acquired as consideration for the issue of shares to group companies and advantage has been taken of the provisions of section 132 of the Companies Act 1985 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 as permitted by section 132 of the Companies Act 1985, less any provisions to reduce the carrying value of investments to the directors' assessment of the net realisable value of the investment to the company.

Convertible security

The investment in a convertible security is stated at a principal amount of £88m. It is convertible on or after 1 December 2002 into 13.25% Preference shares in the issuer, having a par value of £88m.

Cash flow statement

The company has taken advantage of the provisions of Financial Reporting Standard ("FRS") 1: Cash Flow Statements and not presented a cash flow statement, as the company is included in consolidated financial statements which are publicly available.

Depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on the straight line method by reference to the expected useful life of each category of fixed asset. The depreciation period on office equipment is 3 years.

Deferred taxation

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

Johnson Controls (UK) Limited

Notes to the financial statements for the period ended 30 September 2000

1 Interest receivable and similar income

	7 months to 30 September 2000 £'000	12 months to 27 February 2000 £'000
Bank interest receivable	11	19
Accrual of discount on convertible security	-	4,392
Interest receivable from group undertakings	760	2,047
	771	6,458

2 Interest payable and similar charges

	7 months to 30 September 2000 £'000	12 months to 27 February 2000 £'000
Interest payable on bank loans and overdrafts	14	59
Interest payable to group undertakings	663	1,030
	677	1,089

3 Profit on ordinary activities before taxation

	7 months to 30 September 2000 £'000	12 months to 27 February 2000 £'000
Profit on ordinary activities before taxation is		
- stated after charging/(crediting):		
Staff costs		
- wages and salaries	12	20
- social security costs	2	3
Auditors' remuneration		
- audit services	7	10
- non audit services	24	44
Net credit arising in respect of adjustment to profits/losses recognised from sales of shares in subsidiary undertakings in prior years	(106)	-

Johnson Controls (UK) Limited

4 Directors and employees

Directors' remuneration

	7 months to 30 September 2000 £'000	12 months to 27 February 2000 £'000
Aggregate emoluments	Nil	Nil

The average number of employees employed by the company during the period was 1 (27 February 2000: 1)

5 Taxation on profit on ordinary activities

	7 months to 30 September 2000 £'000	12 months to 27 February 2000 £'000
UK Corporation tax at 30% (27 February 2000: 30%):		
Current period	5	695
Prior period	(43)	(2,043)
	(38)	(1,348)

The company has no liability to deferred tax. The tax charges for the 7 months to 30 September 2000 and the 12 months to 27 February 2000, incorporating prior years, have been reduced by the surrender of group relief, for nil consideration, by other Johnson Controls Inc. group companies within the United Kingdom.

6 Tangible assets

	Office Equipment £'000
Cost	
At 28 February 2000 and 30 September 2000	3
Accumulated depreciation	
At 28 February 2000 and 30 September 2000	3
Net book amount	
At 28 February 2000 and 30 September 2000	-

Johnson Controls (UK) Limited

7 Investments

The company's investments in subsidiaries comprises:

	Shares £'000	Convertible security £'000	Provisions £'000	Total £'000
At 27 February 2000 and 30 September 2000	36,788	88,000	(14,524)	110,264

The company holds an investment in a convertible security issued by a group undertaking, stated at a principal amount of £88,000,333. The instrument confers on the company the right to convert the security, on or after 1 December 2002, at par into Preference shares in the issuer, carrying the right to a cumulative preferential dividend at the rate of 13.25%. At any time until 1 December 2002, the company may require the instrument to be redeemed at par.

Johnson Controls (UK) Limited

8 Principal group and associated undertakings

		Proportion of nominal value of issued shares held by:		Accounting	
Business	Class of shares	The Company	Other group companies	reference date	
Group undertakings					
Johnson Control Systems Limited	Building control systems and products and general building maintenance	Ordinary	100%	- -	30 September
Johnson Controls Automotive (UK) Limited	Manufacture of seats and components	Preferred ordinary	100%	-	30 September
Johnson Controls Limited	Facilities management	Ordinary	100%	-	30 September
Cardkey European Holdings Limited	Manufacture of building access control systems	Ordinary	79%	-	30 September
		Limited preference	100%	-	30 September
		Convertible cumulative redeemable participating preference	100%	-	30 September
Prince APG Limited	Non-trading	Ordinary	100%	-	30 September
Paul Carter (Environmental Services) Limited	Dormant	Ordinary	-	100%	30 September
Johnson Control Systems Pensions Limited	Pension trustee	Ordinary	-	100%	31 March
AJC Johnson Controls Limited	Dormant	Ordinary	-	100%	30 September
Johnson Controls Pension Trustees Limited	Pension trustee	Ordinary	-	100%	30 September
Cardkey Systems Limited	Dormant	Ordinary	-	100%	30 September
Associated undertakings and joint ventures					
Ikeda Hoover Limited	Manufacture of seats	Ordinary	-	49%	30 September
JRI Technologies Limited	Manufacture of vehicle trims	Ordinary	-	50.46%	30 September
Flagship Training Limited	Provision of training and FM services	Ordinary	-	26%	31 March

Ikeda Hoover Limited owns a further 7% of JRI Technologies Limited.

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The profit for the year and the aggregate amount of the capital and reserves of the significant group and associated undertakings and joint ventures for their last year ending before 30 September 2000, which are publicly available, are as follows:

	Profit/(loss) for the year £'000	Aggregate capital and reserves £'000
Group undertakings		
Johnson Control Systems Limited	2,543	16,969
Johnson Controls Automotive (UK) Limited	(5,040)	(10,218)
Johnson Controls Limited	(1,710)	(13,778)
Cardkey European Holdings Limited	402	4,188
Prince APG Limited	(3,915)	(10,363)
Associated undertakings and joint ventures		
Ikeda Hoover Limited	1,552	7,026
JRI Technologies Limited	(1,219)	1,036
Flagship Training Limited	2,673	475

The directors have taken advantage of the exemption under Section 229 (3) (b) of the Companies Act 1985 not to prepare consolidated accounts for the company and its subsidiary undertakings, on the basis that the information necessary to do so cannot be obtained without disproportionate expense or undue delay.

9 Debtors

	30 September 2000 £'000	27 February 2000 £'000
Amounts due from group undertakings	27,703	15,843
ACT recoverable	-	91
Other debtors	-	777
	27,703	16,711

10 Creditors: amounts falling due within one year

	30 September 2000 £'000	27 February 2000 £'000
Bank overdraft	713	-
Amounts due to group undertakings	115,148	110,161
Corporation tax payable	11	35
Accruals and deferred income	41	44
	115,913	110,240

Johnson Controls (UK) Limited

11 Provisions for liabilities and charges

	Other provisions £'000
At 28 February 2000	-
Charged to the profit and loss account	198
At 30 September 2000	198

Other provisions

The other provisions relate to a potential claim under a warranty in a sale agreement in relation to a disposal made in the prior year.

12 Called up share capital

	30 September 2000 £'000	27 February 2000 £'000
Authorised		
50,000 (27 February 2000: 50,000) 'A' Preferred ordinary shares of £1 each	50	50
50,000 (27 February 2000: 50,000) 'B' Ordinary shares of £1 each	50	50
48,000,000 (27 February 2000: 48,000,000) Redeemable preference shares of £1 each	48,000	48,000
	48,100	48,100
Allotted and fully paid		
2000 (27 February 2000: 2,000) 'A' Preferred ordinary shares of £1 each	2	2
10,002 (27 February 2000: 10,002) 'B' Ordinary shares of £1 each	10	10
48,000,000 (27 February 2000: 48,000,000) Redeemable preference shares of £1 each	48,000	48,000
	48,012	48,012

The following rights attach to the shares:

Voting rights

The holders of the 'A' shares shall be entitled to voting rights at meetings. The holders of the 'B' shares shall not be entitled to vote at a general meeting.

Dividend rights

The profits of the company which are available for distribution shall be applied equally in paying dividends to all shareholders. However, no dividend shall be declared or paid to the holders of the 'A' or the 'B' shares if a dividend has not also been declared or paid to the holders of the redeemable preference shares.

Johnson Controls (UK) Limited

Rights to participate in a return of assets

The surplus assets shall be applied:

- (i) first to the holders of the redeemable preference shares - subscription price per share paid including any premiums;
- (ii) secondly, to the holders of the 'A' shares - subscription price per share paid including any premium;
- (iii) next to the holders of the 'B' shares - subscription price per share paid including any premium;
- (iv) the balance to be distributed amongst all shareholders, *pari passu* in proportion to the amounts held by them respectively.

Redemption rights

The company may at any time elect that all or any of the redeemable preference shares in issue be redeemed not less than 28 days nor more than 42 days after the date of notice.

Any holder of the redeemable preference shares may require the company to redeem all or any of the redeemable preference shares held by him not less than 28 days nor more than 42 days after the date of notice.

13 Reserves

	Share Premium £'000	Profit and loss £'000
At 28 February 2000	2,003	(28,322)
Retained profit for the financial period	-	162
At 30 September 2000	2,003	(28,160)

14 Movements in shareholders' funds

	30 September 2000 £'000	27 February 2000 £'000
Profit for the financial period	162	2,782
Shares to be issued	-	1
Net addition to shareholders' funds	162	2,783
Opening shareholders' funds	21,694	18,911
Closing shareholders' funds	21,856	21,694

Johnson Controls (UK) Limited

	30 September 2000 £'000	27 February 2000 £'000
Equity shareholders	(26,144)	(26,306)
Non-equity shareholders	48,000	48,000
	21,856	21,694

The shares to be issued relate to the acquisition of the entire share capital of Prince APG Limited during the previous year. In accordance with the sale and purchase agreement the consideration is to be satisfied in full by the issue of 700 'B' ordinary shares of £1 each.

15 Contingent liabilities

The company has guaranteed the borrowings of certain other UK group companies under a cross composite guarantee, which is limited to £10,000,000.

16 Ultimate parent company and related party transactions

The company's ultimate parent company and ultimate controlling entity 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 financial statements. Group financial statements can be obtained from Johnson Controls Inc. 5757 N Green Bay Avenue, PO Box 591, Milwaukee, WI 53201.

The company has taken advantage of the exemptions permitted under Financial Reporting Standard (FRS) 8: Related Party Transactions not to disclose details of transactions with other members of the Johnson Controls Inc group.