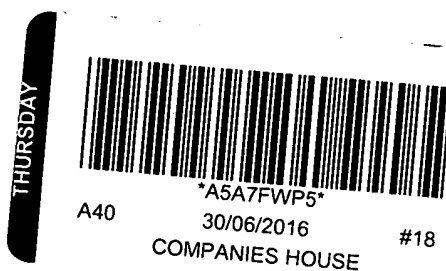


Registered number 2215149

Johnson Controls (U.K.) Limited  
Annual report and financial statements  
for the year ended 30 September 2015



# **Johnson Controls (U.K.) Limited**

## **Annual report and financial statements for the year ended 30 September 2015**

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# Johnson Controls (U.K.) Limited

## Strategic report for the year ended 30 September 2015

The directors present their strategic report on the company for the year ended 30 September 2015.

### Principal activities

The principal activity of the company itself is that of a holding company investing in activities within the manufacture and sale of trimmed seats, seat components and interiors to the UK automotive industry.

During the year, the company withdrew from investing in activities within facility operations and maintenance and the supply of building management systems and heating, ventilating, air conditioning (HVAC) products within the UK and Ireland.

### Results

The results for the year and the financial position of the company are shown in the accompanying financial statements.

Profit on ordinary activities before taxation for the year ended 30 September 2015 was £488 million (2014: loss £39,000).

During the year, the company received dividends of £589 million (2014: £nil). The company disposed of the majority of its investments during the year which resulted in a loss on disposal of £46 million.

### Review of business and future developments

The activities of the company continue to be those of a holding company which engages in investment activities which are, by their nature, non-recurrent events. The company will continue to monitor each investment it holds together with any potential opportunities as they arise.

### Key performance indicators

The investment activities of the company are managed as part of the global investment strategy of the Johnson Controls, Inc. group and the company's directors are of the opinion that analysis using KPI's is not necessary or appropriate for an understanding of the development, performance or position of the business.

### Principal risk and uncertainties

The principal risks and uncertainties of the company relate to the performance of its subsidiary companies. The subsidiaries apply group policy which requires risk management and operational policies and procedures to be implemented in all areas of business. Furthermore, there is a robust supervision structure which allows management to account for the delivery of the company and subsidiaries contracts and to oversee relationships with its key stakeholders.

On behalf of the Board



M Ayre  
Director

24 June 2016

# Johnson Controls (U.K.) Limited

## Directors' report for the year ended 30 September 2015

The directors present their report and the audited financial statements of the company for the year ended 30 September 2015.

### Future developments

The future developments of the company are noted in the strategic report.

### Going concern

The directors believe that preparing the financial statements on a going concern basis is appropriate due to the company returning to a net current assets position in the next financial year. In February 2016 an £80 million loan and accumulated interest with its subsidiary Johnson Controls Automotive (UK) Ltd was settled and in May 2016 a further loan owed to Johnson Controls Facilities Limited for £23 million with accumulated interest was also settled.

### Dividends

The company had passed resolutions to reduce the share capital of the company in order to create sufficient distributable reserves (see note 15) to declare and pay two dividends during the year of £60 million and £419 million (2014: £nil). However due to an administrative error, the required documentation necessary to implement the capital reductions was not filed with Companies House as required prior to making the distributions which were therefore unlawful.

A resolution was executed on 31 August 2015 to make the required reduction to share capital and to declare the dividends from distributable reserves.

### 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. The company uses financial institutions authorised by Johnson Controls, Inc. who actively manage the global banking facilities. All cash held on deposit is pooled at a European level to mitigate risk.

#### *Exchange rate risk*

The policy is to hedge exchange rate risk on certain contractual future cash flows by the use of forward exchange contracts.

#### *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*

Cash balances held with external institutions form part of the Johnson Controls, Inc. group global cash pool arrangement. If funding is required then this is achieved by either an internal loan from a Johnson Controls, Inc. group company or through cash pooling arrangements between Johnson Controls, Inc. United Kingdom subsidiaries. As a result the interest rate risk is mitigated as there is no external funding requirement.

All risks are closely managed by the corporate risk management team, which is controlled by the ultimate parent company Johnson Controls, Inc.

# Johnson Controls (U.K.) Limited

## Directors' report for the year ended 30 September 2015 (cont'd)

### Directors

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

J Okarma	resigned 1 October 2014
R McDonald	resigned 30 November 2014
M Ayre	
G F Holden	resigned 31 August 2015
W Miller	resigned 15 June 2015
B Stief	appointed 30 November 2014
B Cadwallader	appointed 1 October 2014

### Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Directors' 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 prepared the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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.

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

# Johnson Controls (U.K.) Limited

## Directors' report for the year ended 30 September 2015 (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 section 418 of the Companies Act 2006.

On behalf of the Board



M Ayre  
**Director**

24 June 2016

# **Johnson Controls (U.K.) Limited**

## **Independent auditors' report to the members of Johnson Controls (U.K.) Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Johnson Controls (U.K.) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2015 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.

#### **What we have audited**

The financial statements included within the Annual report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 30 September 2015;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

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

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

# Johnson Controls (U.K.) Limited

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

### Responsibilities for the financial statements and the audit

#### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & 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 of 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.

#### What an audit of financial statements involves

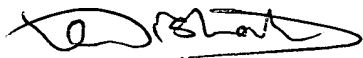
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Ian Wishart (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Southampton

Date: 30 June 2016



# Johnson Controls (U.K.) Limited

## Profit and loss account for the year ended 30 September 2015

	Note	2015 £'000	2014 £'000
Administrative (expenses)/income		(2,445)	73
<b>Operating (loss)/profit</b>		<b>(2,445)</b>	<b>73</b>
Income from fixed asset investments	2	589,078	-
Loss on disposal of fixed asset investments	4	(45,908)	-
Impairment of fixed asset investments	11	(25,316)	(3,516)
Interest receivable and similar income	5	1,332	4,271
Interest payable and similar charges	6	(17,246)	(867)
Other finance charges	7	(11,455)	-
<b>Profit/(loss) on ordinary activities before taxation</b>	9	<b>488,040</b>	<b>(39)</b>
Tax on profit/(loss) on ordinary activities	10	-	-
<b>Profit/(loss) for the financial year</b>	16	<b>488,040</b>	<b>(39)</b>

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.

All amounts relate to continuing operations.

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

# Johnson Controls (U.K.) Limited

## Balance sheet as at 30 September 2015

	Note	2015 £'000	2014 £'000
<b>Fixed assets</b>			
Investments	11	210,292	503,007
<b>Current assets</b>			
Debtors	12	598	40,902
Cash at bank and in hand		138,620	-
		139,218	40,902
Creditors – amounts falling due within one year	13	(182,710)	(90,887)
Net current liabilities		(43,492)	(49,985)
<b>Total assets less current liabilities</b>		<b>166,800</b>	<b>453,022</b>
Creditors – amounts falling due after more than one year	14	-	(338,045)
<b>Net assets</b>		<b>166,800</b>	<b>114,977</b>
<b>Capital and reserves</b>			
Called up share capital	15	78,831	137,873
Share premium account	16	-	2,003
Profit and loss account	16	87,969	(24,899)
<b>Total shareholders' funds</b>	17	<b>166,800</b>	<b>114,977</b>

The financial statements on pages 7 to 18 were approved by the Board of directors on 24 June 2016 and were signed on its behalf by:



M Ayre

**Director**

Johnson Controls (U.K.) Limited  
Registered number 2215149

# Johnson Controls (U.K.) Limited

## Notes to the financial statements for the year ended 30 September 2015

### 1 Accounting policies

#### Accounting convention

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below:

#### Going concern

Notwithstanding the company's net current liabilities of £43 million (2014: £50 million), the financial statements have been prepared on the going concern basis, which the directors believe to be appropriate due to the settlement in 2016 of loans and accumulated interest amounting to £105 million, putting the company back into a net current assets position.

#### Fixed asset investments

Fixed asset 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 any 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.

#### Taxation

Corporation tax payable is provided on taxable profits at the standard effective rate of corporation tax in the UK.

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.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

#### 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. Non-monetary assets denominated in foreign currencies are expressed in GBP at the rates ruling at the date of the original transaction.

#### 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. The company is a wholly owned subsidiary and its 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 18.

The company is also exempt under the terms of paragraph 3(c) of FRS 8 'Related Party Disclosures' 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.

# Johnson Controls (U.K.) Limited

## Notes to the financial statements for the year ended 30 September 2015 (cont'd)

### 1 Accounting policies (cont'd)

#### Group financial statements

The company is exempt from the requirement to prepare and deliver consolidated financial statements under the provisions of Section 401 of the Companies Act 2006 as it is a wholly owned subsidiary undertaking of Johnson Controls, Inc., which is registered in the United States of America and which itself prepares consolidated financial statements these are publicly available and can be obtained from the address given in note 18. Accordingly consolidated financial statements have not been prepared and the financial information presented for both the current and preceding financial years is for the company as an individual undertaking.

#### Preference shares and preference dividends

The company accounts for preference shares based on their characteristics. The B preferred ordinary shares and the preference shares in issue by the Company are non-redeemable. For all classes of share, dividends are declared at the discretion of the directors. Prior to any reduction in the share capital of the company, the B preferred ordinary shares and the preference shares were classified within equity and redeemable preference shares were classified within creditors (see note 15).

### 2 Income from fixed asset investments

	2015 £'000	2014 £'000
Cash dividends received	200,000	-
Redeemable preference shares in CBRE GWS Limited	202,414	-
Shares in Johnson Controls Automotive (UK) Ltd	186,664	-
	589,078	-

On 29 May 2015 the company received a dividend in specie of 20 million, 8% Cumulative preference shares at par of £1 per share (£20 million) in Johnson Controls Automotive (UK) Ltd from Johnson Controls Limited (now CBRE GWS Limited).

On 3 June 2015, the company received a dividend in specie from Johnson Controls Facilities Limited of its entire shareholding (£202 million) of redeemable preference shares in Johnson Controls Limited (now CBRE GWS Limited).

On 30 June 2015 Johnson Controls Limited (now CBRE GWS Limited) declared a further dividend of £367 million distributing £200 million cash and its entire shareholding in Johnson Controls Automotive (UK) Ltd, consisting of the following share classes:

51,000	Cumulative 8% preference shares
40,000,000	Preference shares
624,000	Ordinary shares

However, due to an administrative error, the required documentation necessary to make this a lawful distribution was not filed with Companies House prior to making the distribution. A resolution was executed on 31 August 2015 to rectify the error.

## Johnson Controls (U.K.) Limited

### Notes to the financial statements for the year ended 30 September 2015 (cont'd)

#### 3 Dividends paid

	2015 £'000	2014 £'000
Cash dividend	60,000	-
Dividend in specie	418,724	-
	<b>478,724</b>	<b>-</b>

On 10 April 2015, the company declared a dividend of £60 million per £1 B redeemable preference shares. The company had passed a resolution on the same date to reduce the share capital of the company in order to create a distributable reserve of £104 million (see note 16). However due to an administrative error, the required documentation necessary to implement the capital reduction was not filed with Companies House as required prior to making the distribution which was therefore unlawful.

On 30 June 2015 the company further declared a dividend in specie to distribute its entire shareholding in seven companies (see note 4). The dividend amounted to £419 million in the form of:

£37,241 per B Ordinary £1 share

£10,291 per Preferred A £10,000 share

At the time this dividend was declared, it was the intention of the directors for this distribution to be made out of distributable reserves created from the receipt of the £367 million dividend from Johnson Controls Limited (now CBRE GWS Limited). However, as this distribution was itself unlawful and deemed not to have occurred, the dividend declared by Johnson Controls (U.K.) Limited of £419 million was itself unlawful and Johnson Controls (U.K.) Limited remained the beneficial owner of its investments until a resolution was executed on 31 August 2015 to correct the administrative error. Therefore on the 31 August the capital reduction of £104 million occurred and the dividends previously declared were fulfilled, the other shareholder existing at that stage waived their right to the £60 million dividend.

#### 4 Loss on disposal of fixed asset investments

	2015 £'000	2014 £'000
Loss on disposal of fixed asset investments	<b>(45,908)</b>	<b>-</b>

During the year the company made two disposals resulting in a loss as follows:

On 30 June 2015, the company disposed of a number of investments for a total consideration of £238 million. As part of the transaction, four loans amounting to £192 million were also transferred. Also on 30 June 2015, the company disposed of its holding in Johnson Controls Limited (now CBRE GWS Limited) also by way of a dividend in specie (see note 3).

The entire shareholding in the investments were disposed for their estimated market value resulting in a loss on disposal as follows:

	Proceeds £'000	Net book value £'000	Loss on disposal £'000
Fixed asset investments*	238,155	266,996	(28,841)
Johnson Controls Limited (now CBRE GWS Limited)	372,414	389,481	(17,067)
Loss on disposal of fixed asset investments	<b>610,569</b>	<b>656,477</b>	<b>(45,908)</b>

\*Johnson Controls Battery Components, Inc., Johnson Controls Technology Company, Johnson Controls Consolidation, Inc., Johnson Controls Luxembourg Holding and Finance S.a.r.l, Johnson Controls Systems and Service Europe BVBA, Johnson Controls UK Investment Company, Inc., Eureka II, Inc.

## Johnson Controls (U.K.) Limited

### Notes to the financial statements for the year ended 30 September 2015 (cont'd)

#### 5 Interest receivable and similar income

	2015 £'000	2014 £'000
Interest receivable from group undertakings	1,148	3,632
Bank interest	184	639
	1,332	4,271

#### 6 Interest payable and similar charges

	2015 £'000	2014 £'000
Interest payable to group undertakings	16,204	14,867
Dividends payable – preference shares	-	(14,115)
Bank interest	1,042	115
	17,246	867

#### 7 Other finance charges

	2015 £'000	2014 £'000
Other finance charges	11,455	-

During the year, premiums totalling £11 million were paid for the early settlement of two loans with accumulated interest to the value of £107 million.

#### 8 Directors and employees

The directors received no remuneration in respect of their services to the company during the year (2014: nil) as their services as directors of the company were incidental to their other services within the Johnson Controls group of companies. Directors' remuneration costs are borne by other members of the Johnson Controls group of companies.

The average monthly number of employees is nil (2014: nil).

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

	2015 £'000	2014 £'000
<b>Profit/(loss) on ordinary activities is stated after charging/(crediting)</b>		
Foreign exchange loss/(profit)	2,364	(171)
Impairment of fixed asset investments (see note 11)	25,316	3,516
Auditors' remuneration		
- audit services	14	15
- other services: taxation compliance	-	5

# Johnson Controls (U.K.) Limited

## Notes to the financial statements for the year ended 30 September 2015 (cont'd)

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

There is no tax charge for the current or prior year.

The tax assessed for the year is lower (2014: higher) than the standard rate of corporation tax in the United Kingdom for the year of 20.5% (2014: 22%).

	2015 £'000	2014 £'000
Profit/(loss) on ordinary activities before taxation	488,040	(39)
Profit/(loss) on ordinary activities multiplied by effective corporation tax rate 20.5% (2014: 22%)	100,048	(9)
Effects of:		
Group relief surrendered for nil consideration	6,112	3,662
Impairment of fixed asset investments	5,190	-
Dividend income not taxable	(120,761)	-
Loss on disposal of fixed asset investment	9,411	-
Interest tax deductible when paid	-	(1,322)
Other permanent differences	-	774
Reversal of dividend payable not tax deductible	-	(3,105)
<b>Total current tax charge for the year</b>	<b>-</b>	<b>-</b>

In the Finance Act 2013 the main rate of UK corporation tax was reduced from 23% to 21% with effect from 1 April 2014 and to 20% from 1 April 2015. Further changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

## Johnson Controls (U.K.) Limited

### Notes to the financial statements for the year ended 30 September 2015 (cont'd)

#### 11 Fixed asset investments

	Total £'000
<b>Cost</b>	
At 1 October 2014	521,060
Additions	389,078
Disposals	(671,014)
<b>At 30 September 2015</b>	<b>239,124</b>
<b>Provision for impairment</b>	
At 1 October 2014	(18,053)
Recognised in the year	(25,316)
Disposals	14,537
<b>At 30 September 2015</b>	<b>(28,832)</b>
<b>Net book value</b>	
<b>At 30 September 2015</b>	<b>210,292</b>
At 30 September 2014	503,007

The company received the following additions to investments by way of dividends in specie (See note 2):

£187 million in Johnson Controls Automotive (UK) Ltd, from CBRE GWS Limited.

£202 million in Johnson Controls Limited (now CBRE GWS Limited) from Johnson Controls Facilities Limited.

On 30 June 2015 the company disposed of all of its overseas subsidiaries (see note 4) by way of a dividend in specie. Also on 30 June 2015, the company then disposed of its full shareholding in Johnson Controls Limited (now CBRE GWS Limited) by way of a dividend in specie (see note 4).

However because the company did not have sufficient distributable reserves available at the time, these dividends were declared unlawful and legal title was not transferred to the new owners until the required documentation was filed with companies House on 31 August 2015.

In accordance with its accounting policy, the company carried out an impairment review of its remaining investments at the year end and has recognised an impairment in its investment in Johnson Controls Facilities Limited. In the directors' opinion, the value of the investments, net of impairment provisions, is supported by either the value of the underlying assets of each of the businesses or the projected earnings of the investment.



# Johnson Controls (U.K.) Limited

## Notes to the financial statements for the year ended 30 September 2015 (cont'd)

### 11 Fixed asset investments (cont'd)

The company's investments at the balance sheet date include the following:

Company and Activity	Class of shares	Proportion of issued share capital held		Capital and Reserves '000	Result for year '000	Country of incorporation
		The company	Related companies			
Johnson Controls Facilities Limited <i>Holding company</i>	Ordinary	100%	-	£23,628	£23,628	England
Johnson Controls Automotive (UK) Ltd <i>Manufacture of seats and components</i>	Ordinary	100%	-	£132,002	£13,791	England
	Preference shares	100%	-			
	Cumulative preference shares	100%	-			

### 12 Debtors

	2015 £'000	2014 £'000
Amounts owed by group undertakings	412	40,706
Derivative financial instrument	-	28
Other debtors	17	9
Prepayments and accrued income	169	159
	<b>598</b>	<b>40,902</b>

Amounts owed by group undertakings are unsecured, repayable on demand and interest free. In 2014 this was in relation to group cash pooling arrangements in which interest may arise at 1.45 % above Barclays base rate.

### 13 Creditors – amounts falling due within one year

	2015 £'000	2014 £'000
Bank loans and overdrafts	-	46,684
Amounts owed to group undertakings	182,694	444
Derivative financial instrument	-	1,206
Preference shares (see note 15)	-	42,507
Other creditors	-	3
Accruals and deferred income	16	43
	<b>182,710</b>	<b>90,887</b>

Amounts owed to group undertakings includes four loans repayable within one year for £45 million at a rate of 6.68%, £20 million at a rate of 1.81%, £60 million at a rate of 1.75% and £23 million at a rate of 1.80% (2014: Nil).

Amounts owed to group undertakings also includes £20 million in relation to group cash pooling arrangements (2014: £336,000) on which interest may arise at 1.45 % above Barclays base rate.

In 2014 bank loans and overdrafts includes a £44 million overdraft repayable on demand, attracting an interest rate of 1.51%. All other amounts are unsecured and repayable on demand.

# Johnson Controls (U.K.) Limited

## Notes to the financial statements for the year ended 30 September 2015 (cont'd)

### 14 Creditors – amounts falling due after more than one year

	2015 £'000	2014 £'000
Amounts owed to group undertakings	-	338,045

Amounts owed to group undertakings in 2014 include seven unsecured loans with the following interest rates and maturity dates: £19.77 million at 5.60% (September 2018), £44.64 million at 6.675% (July 2016), £50.00 million at 5.60% (September 2018), £38.05 million at 7.02% (July 2023), \$33.60 million at 6.58% (August 2021), \$58.10 million at 5.25% (October 2018) and £98.54 million at 6.60% (June 2024). Of the amounts owed to group undertakings in 2014, £157.25 million fell due in more than five years.

### 15 Called up share capital

	2015 £'000	2014 £'000
<b>Allotted and fully paid</b>		
Nil (2014: 40,155) 'A' Preferred ordinary shares of £1 each	-	40
10,000 (2014: 10,702) 'B' Ordinary shares of £1 each	10	11
	10	51
Nil (2014: 42,506,980) 'B' Redeemable preference shares of £1 each	-	42,507
547,560 (2014: 1,137,560 Preference shares of £100 each) Preference shares of £100 each	54,756	113,756
240,658 (2014: 240,658) 'B' Preferred ordinary shares of £100 each	24,065	24,117
	78,821	137,873
	78,831	180,380

On 8 April 2015 a resolutions were passed to reduce the share capital of the company in order to create distributable reserves of £104 million and £34 million respectively. Due to an administrative error, the required documentation necessary to implement the capital reduction and create the necessary distributable reserves were not filed at Companies house. The first capital reduction was corrected on 31 August 2015 and the second in June 2016 when the capital reductions then became effective.

In 2014, 42.5 million B redeemable preference shares of £1 were included within creditors, based on the characteristics of the shares. These shares were redeemed during the current year.

The following rights attach to the different classes of shares:

**Voting Rights:** The holders of the preferred ordinary 'A' shares and the preference shares shall be entitled to voting rights at meetings. The holders of the ordinary 'B' shares, 'B' preferred ordinary shares and 'B' redeemable preference shares shall not be entitled to vote at a general meeting.

**Dividend Rights:** The preference shares carry a cumulative dividend right of 8.1% p.a., the B redeemable preference shares a cumulative dividend right of 7% p.a. and the B preferred shares a cumulative dividend of 8% p.a. The A preferred ordinary shares and B ordinary shares are then entitled to a dividend equal to the aggregate amount of dividends payable to all categories of preference shares, with the remainder of any profit distributable to the holders of the A preferred ordinary shares and B ordinary shares. All dividends payable are declared at the discretion of the directors.

# Johnson Controls (U.K.) Limited

## Notes to the financial statements for the year ended 30 September 2015 (cont'd)

### 15 Called up share capital (cont'd)

**Rights to participate in a return of assets:** The assets remaining after the liabilities have been settled shall be applied first to pay the subscription price per share paid including any premiums to the holders of the preference shares; secondly to the holders of the B redeemable preference shares; thirdly to the holders of the B preferred ordinary shares; next to the holders of the A preferred ordinary shares and finally to the holders of the B ordinary shares. The balance remaining shall be distributed amongst the A preferred ordinary and B ordinary 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 B redeemable preference shares in issue be redeemed at par 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 B redeemable preference shares held by him not less than 28 days nor more than 42 days after the date of notice at par value.

### 16 Reserves

	Share premium account	Other distributable reserve	Profit and loss account
	£'000	£'000	£'000
At 1 October 2014	2,003	-	(24,899)
Capital reduction	(2,003)	103,552	-
Profit for the financial year	-	-	488,040
Dividends paid	-	(103,552)	(375,172)
<b>At 30 September 2015</b>	<b>-</b>	<b>-</b>	<b>87,969</b>

### 17 Reconciliation of movements in shareholders' funds/(deficit)

	2015 £'000	2014 £'000
Profit/(loss) for the financial year	488,040	(39)
Opening shareholders' funds/(deficit)	114,977	(22,806)
Reclassification of preference and cumulative preference shares from creditors to equity	42,507	137,822
Dividends paid	(478,724)	-
<b>Closing shareholders' funds</b>	<b>166,800</b>	<b>114,977</b>

## **Johnson Controls (U.K.) Limited**

### **Notes to the financial statements for the year ended 30 September 2015 (cont'd)**

#### **18 Ultimate and immediate parent companies and controlling party**

The immediate parent undertaking and controlling party is Johnson Controls Holding UK Ltd, a company incorporated in the United Kingdom.

The ultimate parent undertaking and controlling party is Johnson Controls, Inc., a company incorporated in the State of Wisconsin, United States of America.

Johnson Controls, Inc. is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 30 September 2015. The consolidated financial statements of Johnson Controls, Inc. are available from:

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