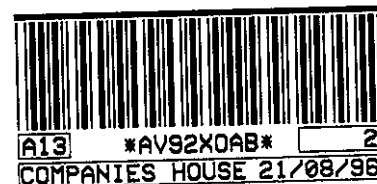


***Procord Limited***

***Annual Report & Accounts  
For the 14 months ended  
30 September 1995***



***Procord Limited  
2-3 The Briars, Waterberry Drive,  
Waterlooville, Hampshire PO7 7YH  
Tel: 01705 230500 Fax: 01705 230501***

**Company Registration No.2609164**

***Procord Limited***  
***Annual Report & Accounts***  
***For the 14 Months ended 30 September 1995***  
***Company Information***

***Directors:*** J J Jack  
R G Zipeure  
M C Loosemore  
R C Dickhaus, Jr.

***Auditors:*** Price Waterhouse  
31 Great George Street  
Bristol BS1 5QD

***Secretary and Solicitors:*** Blake Laphorn  
New Court  
1 Barnes Wallis Road  
Segensworth  
Fareham, Hants PO15 5AU

***Bankers:*** National Westminster Bank Plc  
69 High Street  
Cosham  
Portsmouth, Hants PO6 3DA

***Registered Office:*** 2 The Briars  
Waterberry Drive  
Waterlooville, Hants PO7 7YH

***Company Registration No:*** 2609164

# *Procord Ltd*

## *Report of the Directors*

The Directors present their annual report and audited financial statements of the Company for the 14 months ended 30th September 1995.

### **Business review**

The Company's principal activities are the management of property and facilities, incorporating the provision of business support activities and related consulting and project management services.

Procord has increased its profit before tax to £3,319,000 (1994 £2,110,000), whilst turnover has grown to £140.2million from £78.6million. The operating margin has also increased, to 2.8% in 1995 from 2.6% in 1994. A transfer to reserves of £2,362,000 (1994 £184,000), after a dividend of £265,000 (1994 £93,000) has been made. With effect from 1 April 1995, Procord acquired the net assets and contracts of the Facilities Services Division of the Atomic Energy Authority which has been integrated with existing operations. Details of this transaction are given in note 15 to the accounts. The Director's outlook for 1995/6 is that operations will continue to expand and further growth in turnover and profit will occur. Opportunities outside the UK will also be pursued.

### **Changes in Share Capital**

- Of the 9,290,780 Non Equity Redeemable Preference 5p 'B' Shares as at 31 July 1994, 6,050,240 were redeemed for a total of £1,781,340 of which £1,478,828 was paid from the Company's distributable reserves. The remaining 3,240,540 non equity redeemable preference shares were converted into Ordinary 5p 'B' Shares.
- The entire share capital of Procord Limited was purchased by, Johnson Controls (UK) Limited, a wholly owned subsidiary of Johnson Controls Inc, in September 1994. Johnson Controls Inc. is a US company quoted on the New York Stock Exchange with facilities management as a core line of business. On 28 September 1995 Johnson Controls (UK) Ltd, a subsidiary of Johnson Controls Inc subscribed a further £16million of share capital as consideration for the issue of 320million ordinary 5p shares.

***Procord Ltd***  
***Report of the Directors***  
***(continued)***

**Fixed assets**

The net book amount of tangible fixed assets increased by £3.6million (1994 £0.8million). The increase included £2.2million relating to the purchase of net assets and contracts of the Facilities Services Division of the Atomic Energy Authority. Investment in information technology has continued.

**Interests of Directors**

The interests of the Directors are set out below:-

<b><i>Number of 'A' Ordinary Shares</i></b>				
	<b><i>As at 30 September 1995</i></b>		<b><i>As at 31 July 1994</i></b>	
	<b><i>Beneficial</i></b>	<b><i>Non-beneficial</i></b>	<b><i>Beneficial</i></b>	<b><i>Non-beneficial</i></b>
J J Jack	-	-	1,301,400	-
R P Hodder	-	-	901,400	749,000
M C Loosemore	-	-	901,400	-
R G Zipeure	-	-	901,400	-

Ms B J Moorhouse replaced Mr R P Hodder, both as Finance Director and Company Secretary, on 3 April 1995, and resigned on 14 February 1996.

Mr R C Dickhaus, Jr. joined the Board on 7 September 1994 to represent Johnson Controls Inc. Mr J B Morgans who had previously represented the interests of IBM United Kingdom Holdings Ltd resigned on 17 October 1994.

***Procord Ltd***  
***Report of the Directors***  
***(continued)***

**Employees**

The Company recognises that its key business asset is its employees and the management team. As such Human Resource policy forms a cornerstone of the Company's ethics and beliefs and during the period the Company gained the Investor In People award.

The Company seeks to ensure that the remuneration package for staff is competitive within the industry and also operates an Inland Revenue registered profit related pay scheme which is directly linked to profit performance. Directors' remuneration further reflects the performance of the business by putting a proportion of their salaries at risk if targets are not met.

The Company continues to seek excellent employee relations achieved through an open style of communication facilitated by team meetings, an in-house magazine, executive visits and a cascade process to ensure communication of business strategies, results and continuous improvement in service delivery.

The Company remains an equal opportunities employer and ensures there is equality in application for employment, training, career development and promotion. Applicants for employment are selected according to their aptitude and experience with reference to the requirements of the job.

Training and development of staff remains a high priority programme. Significant investment in training has continued with particular emphasis on customer facing communication skills, professional development and technical education.

**Directors' Responsibilities for the Financial Statements**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

***Procord Ltd***  
***Report of the Directors***  
***(continued)***

- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

During the year Grant Thornton resigned as auditors, and Price Waterhouse were appointed in their place. Price Waterhouse offer themselves for re-appointment as auditors in accordance with Section 385 (2) of the Companies Act 1985.

*Approved by the Board and signed on its behalf by:*



**J J JACK**  
**Director**

**11 July 1996**

# ***Report of the Auditors to the Members of Procord Limited***

We have audited the financial statements on pages 8 to 23 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

## **Respective Responsibilities of Directors and Auditors**

As described on pages 5 & 6, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

## **Basis of 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 Company's circumstances, consistently applied and adequately disclosed.

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

## **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 30 September 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse  
Chartered Accountants and  
Registered Auditors  
31 Great George Street  
BRISTOL  
Avon  
BS1 5QD

11 July 1996

# *Procord Limited*

## *Profit and Loss Account*

*For the 14 months ended 30 September 1995*

		1995 Continuing operations £000	1995 Acquisitions £000	1995 Total £000	1994 * Continuing operations £000
	Notes				
Turnover	1	109,452	30,765	140,217	78,582
Cost of Sales		<u>(101,356)</u>	<u>(21,349)</u>	<u>(122,705)</u>	<u>(73,385)</u>
Gross Profit		8,096	9,416	17,512	5,197
Other Operating Charges		<u>(5,310)</u>	<u>(8,336)</u>	<u>(13,646)</u>	<u>(3,167)</u>
Operating Profit	1	<u>2,786</u>	<u>1,080</u>	3,866	2,030
Interest (Payable)/Receivable	3			<u>(547)</u>	<u>80</u>
Profit on Ordinary Activities Before Tax	17			3,319	2,110
Tax on Profit on Ordinary Activities	4			<u>(692)</u>	<u>(787)</u>
Profit on Ordinary Activities After Tax				2,627	1,323
Dividend Paid	5			<u>(265)</u>	<u>(93)</u>
Profit for the Period				2,362	1,230
Provision for premium on redemption of redeemable preferred "B" Shares				-	(1,046)
Transfer to Reserves	16, 17			<u>2,362</u>	<u>184</u>

There are no recognised gains or losses other than the profit for the period. There is no difference between the profit disclosed in this profit and loss account and the profit on the historical cost basis.

The accompanying accounting policies and notes on pages 10 to 23 form an integral part of these financial statements.

\* Comparatives for 1994 are for 12 months.



# *Procord Limited*

## *Balance Sheet*

		30 September	31 July
		1995	1994
	<b>Notes</b>	£000	£000
<i>Fixed Assets</i>			
Intangible assets	6	50	120
Tangible assets	7	3,608	794
Investment in subsidiary undertakings	8	-	-
		<u>3,658</u>	<u>914</u>
<i>Current Assets</i>			
Stock and Work in Progress	9	1,843	-
Debtors	10	31,774	7,883
Cash at Bank and in hand		<u>1,379</u>	<u>5,747</u>
		34,996	13,630
<i>Current Liabilities</i>			
Creditors (amounts falling due within one year)	11	<u>(28,249)</u>	<u>(11,878)</u>
<i>Net Current Assets</i>		6,747	1,752
<i>Total Assets Less Current Liabilities</i>			
		10,405	2,666
<i>Provisions for Liabilities &amp; Charges</i>	12	<u>(6,643)</u>	<u>(49)</u>
		3,762	2,617
<i>Share Capital and Reserves</i>			
Share Capital	14	17,136	948
Reserves	16	<u>(13,374)</u>	<u>1,669</u>
Shareholders Funds (including non-equity interests)	17	<u>3,762</u>	<u>2,617</u>

The financial statements were approved by the Board of Directors on 11 July 1996 and are signed on their behalf by:-



J J JACK

***Procord Limited***  
***Accounting Policies***

***For the 14 months ended 30 September 1995***

The accounting policies relating to these financial statements are set out below:

a) *Accounting convention*

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

The principal accounting policies of the Company have remained unchanged from the previous period and are set out below.

b) *Turnover*

Turnover is the total amount receivable by the Company for goods and services provided, excluding VAT.

c) *Tangible Fixed Assets*

Tangible Fixed Assets are included at cost (or fair value on acquisition) less accumulated depreciation.

Depreciation is calculated to write down the cost (or fair value on acquisition) of all tangible fixed assets to their residual value over their expected useful lives. The periods generally applicable are:

Fixtures and fittings	10 Years
Plant and Equipment	3-10 years
Computer Hardware and Software	2-4 years
Other assets	2-5 Years

d) *Goodwill*

Goodwill on acquisition is either written off immediately against reserves or is capitalised as an intangible fixed asset and amortised over its estimated life. The method of treating goodwill is determined by the directors for each acquisition separately based on the particular circumstances at the time.

e) *Stock and Work-in-Progress*

Stock and work-in-progress is valued at the lower of cost and net realisable value.

## *Procord Limited*

### *Accounting Policies (continued)*

*For the 14 months ended 30 September 1995*

f) *Deferred taxation*

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will arise.

g) *Contributions to the pension fund*

The Company operates two schemes, one defined contribution scheme and one defined benefits scheme. The pension costs charged against the profit and loss account, represents the amount of the contributions payable to the schemes in respect of the accounting period. Further disclosures in relation to the defined benefit scheme are included in Note 20 to the accounts.

h) *Leasing*

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account as incurred.

i) *Foreign Currency Translation*

All transactions are translated at the exchange rate in force at the time the transaction took place. Balances denominated in foreign currencies at the year end are translated into sterling at the rates prevailing at that date. Any exchange gains or losses arising on settlement or translation are charged to the profit and loss account as they arise.

# *Procord Limited*

## *Notes to the Financial Statements*

*For the 14 months ended 30 September 1995*

### **1. Turnover and Profit on Ordinary Activities Before Taxation**

The turnover arises from the one trading activity of the Company, all of which arose in the UK.

The profit on ordinary activities is stated after charging:	1995	1994*
	£000	£000
Incumbent Auditor remuneration: Audit services	60	-
Incumbent Auditor remuneration: Non audit services	58	-
Retired Auditor remuneration: Audit services	2	17
Retired Auditor remuneration: Non-audit services	2	32
Amortisation of Goodwill	70	60
Depreciation	574	204
Hire of plant and machinery	577	282
Operating lease rentals: Land and Buildings	370	72

### **2. Staff Costs**

Staff costs during the period were as follows:

	1995	1994*
	£000	£000
Wages and salaries	24,452	9,042
Social security costs	2,253	931
Other pension costs	1,531	533
	<u>28,236</u>	<u>10,506</u>

The average number of employees was 1,008 (1994 - 338), all of whom were engaged in the property and facilities management business. These figures include 945 employees who transferred to Procord Limited on the 1st April 1995 as a result of the acquisition of the assets and contracts of the Facilities Services Division of the Atomic Energy Authority.

\*12 month period

**Procord Limited**  
**Notes to the Financial Statements**  
**For the 14 months ended 30 September 1995**

**2. Staff Costs (continued)**

Remuneration in respect of Directors was as follows:

	1995	1994*
	£000	£000
Management remuneration & pension contributions	425	354

The emoluments of the Directors in respect of their services to the company, including benefits and performance related bonus, but excluding pension contributions, were:

	1995	1994*
	£000	£000
Highest paid Director	<u>127</u>	<u>105</u>

	1995	1994*
The Remuneration of Directors was in the following bands:-		
£0 to £5,000	2	1
£45,001 to £50,000	1	-
£50,001 to £55,000	1	-
£70,001 to £75,000	-	3
£85,001 to £90,000	2	-
£125,001 to £130,000	1	-

The emoluments continue to reflect the Company's policy to remunerate Directors according to business performance. The Company does not have a Chairman.

**3. Net Interest (Payable)/Receivable**

	1995	1994*
	£000	£000
Bank loans, overdrafts etc	(16)	(4)
Interest paid to group undertakings	(572)	-
Bank interest receivable	<u>41</u>	<u>84</u>
	(547)	80

The interest payable includes £411,000 relating mainly to funding made available to acquire the net assets and contracts of the Facilities Services Division of the Atomic Energy Authority. This funding was converted to share capital on 28 September 1995. (See note 14).

\*12 month period

# *Procord Limited*

## *Notes to the Financial Statements*

### *For the 14 months ended 30 September 1995*

#### **4. Tax on Profit on Ordinary Activities**

The tax charge is based on the profit for the period and represents:

	1995 £000	1994* £000
United Kingdom corporation tax at 33% (1994 33%)	741	784
Deferred tax	(49)	3
	<u>692</u>	<u>787</u>

#### **5. Dividends**

	1995 £000	1994* £000
Equity Ordinary 'A' Shares - proposed	-	93
Non-equity Redeemable Pref 'B' Shares paid	265	-
	<u>265</u>	<u>93</u>

The cash alternative dividend on the Ordinary 'A' Shares of £93,000 provided in 1994 was not taken up by the shareholders in 1995 and therefore, has been credited to reserves (see note 16).

#### **6. Intangible Fixed Assets**

	Purchased Goodwill £000
<b>Cost</b>	
At 1 August 1994 and 30 September 1995	<u>300</u>
<b>Amortisation</b>	
As at 1 August 1994	180
Charge for the period	<u>70</u>
At 30 September 1995	<u>250</u>
<b>Net book amount at 30 September 1995</b>	<u>50</u>
<b>Net book amount at 31 July 1994</b>	<u>120</u>
*12 month period	

# *Procord Limited*

## *Notes to the Financial Statements*

### *For the 14 months ended 30 September 1995*

#### **6. Intangible Fixed Assets (continued)**

Purchased goodwill included at cost relates to the acquisition of the Property and Facilities Services business from IBM United Kingdom Limited, on 6 August 1991 for £300,000. This is being amortised over 5 years, as the Directors' assessment of its useful economic life.

#### **7. Tangible Fixed Assets**

	Fixtures, Fittings, Plant and Equipment	Computers, Vehicles & Other Equipment	Total
<b>Cost</b>	£000	£000	£000
At 1 August 1994	202	933	1,135
Additions	1,528	1,860	3,388
Disposals	-	(50)	(50)
At 30 September 1995	<u>1,730</u>	<u>2,743</u>	<u>4,473</u>
<b>Depreciation</b>			
At 1 August 1994	(22)	(319)	(341)
Charge for the period	(101)	(473)	(574)
Disposals	-	50	50
At 30 September 1995	<u>(123)</u>	<u>(742)</u>	<u>(865)</u>
<b>Net Book Value</b>			
At 30 September 1995	<u>1,607</u>	<u>2,001</u>	<u>3,608</u>
At 31 July 1994	<u>180</u>	<u>614</u>	<u>794</u>

Additions include £2,169,000 of fixed assets at fair value acquired as part of the purchase of the assets and contracts of the Facilities Services Division of the Atomic Energy Authority. (See note 15.)

# ***Procord Limited***

## ***Notes to the Financial Statements***

***For the 14 months ended 30 September 1995***

### **8. Investments in Subsidiary Undertakings**

At 30 September 1995 the company held more than 10% of the allotted share capital of the following:

Subsidiary Undertaking	Country of Registration	Class of Share Capital Held	Proportion held by Parent Company	Nature of Business
Procord Staff Services Limited	England	Ordinary	100%	Dormant

The investment of £1 is stated at cost.

### **9. Stock**

	1995 £000	1994 £000
Raw Materials and Consumables	565	-
Work in Progress	1,278	-
	<u>1,843</u>	<u>-</u>

### **10. Debtors**

	1995 £000	1994 £000
Trade debtors	14,782	3,195
Amounts owed by Group undertakings	468	-
Other debtors	498	82
Called up share capital not paid	4,000	-
Pre-payments	510	350
Accrued income	11,080	4,256
ACT recoverable	436	-
	<u>31,774</u>	<u>7,883</u>

The outstanding amount for share capital was received on 29 November 1995.



# *Procord Limited*

## *Notes to the Financial Statements*

*For the 14 months ended 30 September 1995*

### **11. Creditors**

	1995	1994
	£000	£000
Bank Overdraft	5,679	-
Payments received on account	495	338
Trade creditors	10,228	5,731
Other creditors	287	-
Corporation Tax	740	718
Social Security and other taxes	2,686	1,275
Accruals	8,134	3,723
Proposed Dividend	-	93
	<u>28,249</u>	<u>11,878</u>

### **12. Provisions for Liabilities and Charges**

	Deferred tax £000	Acquisitions Provisions £000	Total £000
Balance at 1 August 1994	49	-	49
Provided on acquisitions during the year (note 15)	-	7,058	7,058
Utilised during the year	-	(415)	(415)
Released during the year	(49)	-	(49)
	<u>-</u>	<u>6,643</u>	<u>6,643</u>

Deferred Taxation is dealt with in note 13. Acquisition Provisions are for restructuring costs following the acquisition of net assets and contracts of the Facilities Services Division of the Atomic Energy Authority (see note 15).

### **13. Deferred taxation**

Deferred taxation provided in the financial statements is:

	1995	1994
	£000	£000
Accelerated capital allowances	-	48
Accrued interest income	-	1
	<u>-</u>	<u>49</u>

***Procord Limited***

***Notes to the Financial Statements***

***For the 14 months ended 30 September 1995***

**13. Deferred taxation (continued)**

Deferred taxation not provided is:

	1995	1994
	£000	£000
Accelerated capital allowances	<u>175</u>	<u>-</u>

No provision is made on the basis that it is unlikely that any liability will crystallise.

**14. Share Capital**

	1995		1994	
	No.	£000	No.	£000
<b>Authorised:</b>				
Equity - Ordinary 5p Shares	342,734,340	17,136	-	-
Equity - Ordinary 5p 'A' Shares	-	-	9,792,000	490
Non-Equity Red Pref 5p 'B' Shares	-	-	9,408,000	470
		<u>17,136</u>		<u>960</u>
	1995		1994	
	No.	£000	No.	£000
<b>Allotted and called up:</b>				
Ordinary 5p 'A' Shares	342,734,340	17,136	9,670,000	484
Non-Equity Red Pref 5p 'B' Shares	-	-	9,290,780	464
		<u>17,136</u>		<u>948</u>

A number of share transactions took place on the 5 September 1994 in relation to the purchase of the entire share capital by Johnson Controls UK on the 7 September 1994.

- a) The authorised share capital was increased by £176,717 by the creation of 3,534,340 shares at 5p each.
- b) 3,240,540 Redeemable Preferred 5p 'B' Shares were converted into 'B' Ordinary Shares of 5p.
- c) The balance of 6,050,240 Redeemable Preference 5p 'B' Shares were redeemed at a total cost of £1,781,340 of which £1,478,828 was paid from the Company's distributable reserves, (see note 16). A transfer of £302,512 was also made from the profit and loss account to a Capital Redemption Reserve.

***Procord Limited***  
***Notes to the Financial Statements***  
***For the 14 months ended 30 September 1995***

- d) 9,323,800 of the existing Ordinary 5p 'A' shares were re-designated Main Ordinary 5p 'A' Shares.
- e) 500,000 Redeemable Preference 'A' Shares of 5p each were issued at a price of £1 per share creating share premium of £475,000 (see note 16).
- f) 9,323,800 5p 'A' Preferred Shares were issued to the holders of the Main 'A' Shares in lieu of the cash dividend of £93,000 proposed for the year ended 31st July 1994. This issue price was satisfied from the share premium account at £466,190.

Following these transactions, the issued Share Capital was acquired by Johnson Controls (UK) Limited on 7 September 1994.

On 17 February 1995, the authorised and issued Share Capital, with a total nominal value of £1,136,717, was redesignated as 22,734,340 Ordinary Shares of 5p each.

On September 1995 a further 320,000,000 Ordinary 5p Shares were issued at par for consideration of £16 million.

Of the proceeds, £12 million was settled by conversion of an inter-company loan, and £4 million was outstanding from the parent undertaking at the balance sheet date (see note 10).

The total proceeds of new share issues in the period was:

	£ 000
Share Capital at Nominal Value	16,188
Share Premium	<u>475</u>
	<u>16,663</u>

# *Procord Limited*

## *Notes to the Financial Statements*

*For the 14 months ended 30 September 1995*

### **15. Goodwill on Acquisition**

On 1st April 1995 Procord Limited acquired the net assets and contracts of the Facilities Services Division of Atomic Energy Authority. Goodwill on acquisition is as follows:

	Book Value £'000	Write down to Fair Values £'000	Reorganisation Provision £'000	Fair Value of Assets Acquired £'000
Tangible Fixed Assets	3,769	(1,600)	-	2,169
Stocks	1,047	(400)	-	647
Loans	94	-	-	94
Provisions for liabilities and charges	-	-	(7,058)	(7,058)
	<u>4,910</u>	<u>(2,000)</u>	<u>(7,058)</u>	<u>(4,148)</u>
Consideration				11,824
Costs incurred				<u>56</u>
				11,880
Less:				
Fair Value of assets acquired				<u>4,148</u>
Goodwill on acquisition (see note 16)				<u>16,028</u>

The Reorganisation Provision was provisional at 30 September 1995.

Prior to the acquisition by Procord, the Facilities Services Division of AEA, being part of a government authority, did not produce financial information. There are, therefore, no results available for the years prior to acquisition.

# *Procord Limited*

## *Notes to the Financial Statements*

*For the 14 months ended 30 September 1995*

### **16. Reserves**

	Profit and Loss £000	Goodwill Reserve £000	Capital Redemption Reserve £000	Share Premium Account £000	Total £000
<b>At 1 August 1994</b>	1,669	-	-	-	1,669
Dividend waived - note 14(f)	93	-	-	-	93
Redemption of Preference 5p B Shares - note 14 (c)	(1,781)	-	302	-	(1,479)
Share premium on new issue - note 14 (e)	-	-	-	475	475
New share issue - note 14(f)	-	-	-	(466)	(466)
Profit Retained for the year	2,362	-	-	-	2,362
Goodwill on Acquisition - note 15	-	(16,028)	-	-	(16,028)
<b>At 30 September 1995</b>	<u>2,343</u>	<u>(16,028)</u>	<u>302</u>	<u>9</u>	<u>(13,374)</u>

### **17. Reconciliation of Shareholders' Funds**

	1995 £'000	1994 £'000
Profit for the Financial Period	2,627	1,323
Dividends	<u>(265)</u>	<u>(93)</u>
Profit for the Period	2,362	1,230
Redemption of Preference 5p 'B' Shares	(1,479)	-
New Share Capital Issued	16,663	-
Goodwill on Acquisition	(16,028)	-
Dividend Waived	93	-
Capitalisation of Share Premium Account	<u>(466)</u>	<u>-</u>
Net Increase Shareholder's Funds	1,145	1,230
Shareholder's Funds Brought Forward	<u>2,617</u>	<u>1,387</u>
Shareholder's Funds Carried Forward	<u>3,762</u>	<u>2,617</u>

### **Represented by:**

Equity Interests	3,762	674
Non-Equity Interests	<u>-</u>	<u>1,943</u>
	<u>3,762</u>	<u>2,617</u>

# *Procord Limited*

## *Notes to the Financial Statements*

### *For the 14 months ended 30 September 1995*

#### **18. Capital Expenditure Commitments**

The Company had no capital commitments at 30 September 1995 or 31 July 1994.

#### **19. Contingent Liabilities**

There were no contingent liabilities at 30 September 1995 or at 31 July 1994.

#### **20. Pensions**

The Company operates a defined contribution pension scheme for the benefit of Employees and Directors. The assets of the scheme are administered by a Trustee Company in a fund independent from those of the Company.

The Company also established on 1 April 1995 another pension scheme for certain employees providing benefits based on final pensionable pay. The assets of the scheme are held in a Trust Fund separately from those of the Company. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The initial valuation was at 1 April 1995. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that investment returns would be 9% per annum, that salary increases would average 7% per annum and that future pensions would increase at the rate of 4 1/2% per annum.

The initial actuarial valuation for the new scheme assessed only the contribution rate needed for future service from 1 April 1995. On the basis that members make contributions of 5.75% of pensionable salaries, the Company will be required to make contributions at 10.6% of members' pensionable salaries. The pension charge for the period from 1 April 1995 to 30 September 1995 was £785,486. There were no outstanding or prepaid contributions at the end of the financial year.

# *Procord Limited*

## *Notes to the Financial Statements*

*For the 14 months ended 30 September 1995*

### **21. Operating Lease Commitments**

Operating lease payments amount to £1,186,000 (1994 £434,000). The commitments to make the payments included in this sum expire as follows:

	Land & Buildings	Other	Total
	£000	£000	£000
Within one year	118	162	280
Within two years	462	441	903
Over five years	2	1	3
	<u>582</u>	<u>604</u>	<u>1,186</u>

### **22. Immediate and Ultimate Parent Undertaking**

The immediate parent undertaking of Procord Limited is Johnson Controls (UK) Limited, a Company incorporated in the United Kingdom. Johnson Controls (UK) Limited is the smallest company which prepares consolidated accounts which include the accounts of Procord Limited.

The ultimate parent undertaking of Procord Limited is Johnson Controls Inc, a company incorporated in the United States of America. Johnson Controls Inc is the largest company preparing consolidated accounts which include the accounts of Procord Limited

Accounts of Johnson Controls (UK) Limited may be obtained from:

Finance Director  
Johnson Controls Systems Limited  
3rd Floor  
Beaver House  
147 Victoria Road  
SWINDON  
Wiltshire SN1 3RU

Accounts of Johnson Controls Inc may be obtained from:

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