

## ***Company Information***

***Directors:*** J P Kennedy  
G Holden  
K Wooden

***Auditors:*** PricewaterhouseCoopers LLP  
31 Great George Street  
Bristol BS1 5QD

***Company Secretary:*** K Wooden

***Solicitors:*** Blake Lapthorn  
New Court  
1 Barnes Wallis Road  
Segensworth  
Fareham,  
Hampshire PO15 5AU

***Bankers:*** National Westminster Bank Plc  
Majors Corporate Business Centre  
PO Box 12264  
Mezzanine Floor  
1 Princes Street  
London EC2R 8PB

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

***Company Registration No:*** 2609164



# ***Johnson Controls Ltd***

## ***Report of the Directors***

The Directors present their annual report and audited financial statements of the Company for the year ended 30 September 2003.

### **Results and Dividend**

The results for the year and the financial position of the Group are shown in the annexed financial statements. The Directors do not recommend the payment of a dividend (2002: Nil). The retained profit for the year ended 30 September 2003 is £18,391,000 (2002: retained profit of £21,095,000).

### **Business Review and Future Prospects**

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

Turnover was £255,819,000 (2002: £277,691,000) and an operating profit was made of £17,255,000 (2002: £11,110,000). Continued profitability is anticipated in the foreseeable future.

### **Interests of Directors**

None of the Directors had any share interests in the Company or in the Ultimate parent undertaking at 30 September 2003 or at 30 September 2002.

### **Payment of Creditors**

The Directors consider that the Company operates a policy that reflects market conditions and the industry norm. The number of days that the company takes to pay its suppliers is 45 days (2002: 50 days).

# ***Johnson Controls Ltd***

## ***Report of the Directors (continued)***

### **Directors**

The following served as Directors during the year and to the date of this report:

J P Kennedy  
G Holden  
K Wooden

### **Employees**

The Company recognises that its key business assets are its employees and management team. As such Human Resource policy forms a cornerstone of the Company's ethics and beliefs.

The Company seeks to ensure that the remuneration package for staff is competitive within the industry. 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 applications 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.

# *Johnson Controls Ltd*

## *Report of the Directors (continued)*

### **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:

- a) select suitable accounting policies and then apply them consistently.
- b) make judgements and estimates that are reasonable and prudent.
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

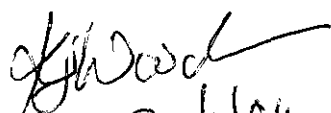
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 13 March 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP as auditors. A resolution to re-appoint PricewaterhouseCoopers LLP, as auditors to the company will be proposed at the annual general meeting.

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

Director  
Dated:

  
30/1/04

***Johnson Controls Ltd***  
***Report of the Independent Auditors to the***  
***Members of Johnson Controls Limited***

We have audited the financial statements which comprise the Group profit and loss account, the Group and Company balance sheet, and the related notes to the accounts.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 Companies Act 1985. 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 annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

**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 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.

***Johnson Controls Ltd***  
***Report of the Independent Auditors to the***  
***Members of Johnson Controls Limited***  
***(continued)***

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company and group affairs at 30 September 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
31 Great George Street  
Bristol  
BS1 5QD

Date: 30 June 2004

**Johnson Controls Limited**  
**Group Profit and Loss Account**  
**For the year ended 30 September 2003**

		2003	2002
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>
Turnover : Group and share of joint venture	1	255,819	296,231
Less: Share of joint ventures' turnover		<u>-</u>	<u>(18,540)</u>
Group turnover		255,819	277,691
 Cost of sales		 <u>(227,495)</u>	 <u>(256,197)</u>
Gross profit		28,324	21,494
 Administrative expenses		 (10,468)	 (11,941)
Rationalisation costs – other administrative expenses		<u>(601)</u>	<u>(731)</u>
Group operating profit	1	17,255	8,822
 Share of operating profit in joint venture		 <u>-</u>	 <u>2,288</u>
Operating profit		17,255	11,110
 Sale of joint venture		 <u>-</u>	 <u>10,062</u>
Profit on ordinary activities before interest		17,255	21,172
 Net interest receivable	3	 <u>1,384</u>	 <u>741</u>
Profit on ordinary activities before tax		18,639	21,913
 Tax on profit on ordinary activities	4	 <u>(248)</u>	 <u>(818)</u>
Profit on ordinary activities after tax		18,391	21,095
 Profit for the period and transferred to reserves	12,13	 <u><u>18,391</u></u>	 <u><u>21,095</u></u>

There are no recognised gains or losses other than the profit for the year. There is no difference between the profit as stated above and that calculated on a historical cost basis.

All of the groups turnover and operating profit was generated by the continuing operations.

The notes on pages 9 to 25 form part of these accounts.

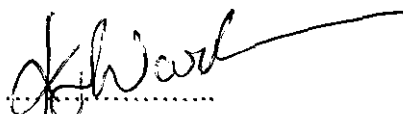
# Johnson Controls Limited

## Group & Company Balance Sheet as at 30 September 2003

	Notes	2003 £'000	2002 £'000
<i>Fixed assets</i>			
Tangible assets	5	1,318	1,652
<i>Current assets</i>			
Stocks and work in progress	6	1,177	1,130
Debtors	7	93,904	73,433
Cash at bank and in hand		945	1,820
		<u>96,026</u>	<u>76,383</u>
<i>Current liabilities</i>			
Creditors (amounts falling due within one year)	8	<u>(61,520)</u>	<u>(60,241)</u>
<i>Net current assets</i>			
		34,506	16,142
<i>Total assets less current liabilities</i>			
		35,824	17,794
Provisions for liabilities & charges	9	<u>(6,541)</u>	<u>(6,902)</u>
		<u>29,283</u>	<u>10,892</u>
<i>Share capital and reserves</i>			
Called up share capital	11	8,136	8,136
Share premium account	12	9	9
Other reserves	12	302	302
Profit and loss account	12	<u>20,836</u>	<u>2,445</u>
Equity shareholders' funds	13	<u>29,283</u>	<u>10,892</u>

The notes on pages 9 to 25 form part of these accounts.

The financial statements were approved by the Board of Directors on 30/1/04  
and are signed on their behalf by:-

  
.....  
DIRECTOR



# ***Johnson Controls Limited***

## ***Accounting Policies***

### ***For the year ended 30 September 2003***

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 using the straight-line method. 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

Development costs are written off in the year in which cost is incurred.

*d) Goodwill*

Goodwill on acquisition made prior to the introduction of FRS 10 has been written off to reserves.

# ***Johnson Controls Limited***

## ***Accounting Policies***

### ***For the year ended 30 September 2003***

*e) Stocks and work in progress*

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

*f) Taxation*

Tax payable on profits for the year is provided at current rates. 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 profits against which the deferred asset can be recovered in future periods.

*g) Contributions to the pension fund*

The Company operates two schemes, one defined contribution scheme and one defined benefit scheme. The pension costs charged against the profit and loss account for the defined contribution scheme represent the amount of the contributions payable to the schemes in respect of the accounting period. For the defined benefit scheme, contributions are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the Company. Further disclosures in relation to the defined benefit scheme are included in note 16 to the accounts.

*h) Leasing*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged to the profit and loss account over the period of the lease or hire purchase contract and represent a constant proportion of the balance of capital repayments outstanding.

During the normal course of business, the Company can be required to act as an intermediary lessor of equipment under operating leases. Operating lease income and rentals are recognised in the profit and loss account as they are incurred.

# ***Johnson Controls Limited***

## ***Accounting Policies***

***For the year ended 30 September 2003***

*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.

*j) Cashflow Statement*

The financial statements of the ultimate parent undertaking, Johnson Controls Inc. are publicly available and include a consolidated cashflow statement dealing with the cashflows of the group. The Company is therefore exempt from preparing a cashflow statement under FRS 1(revised) and accordingly, no statement is included within these financial statements.

**Johnson Controls Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 September 2003**

**1. Turnover and operating profit**

The turnover arises from the one trading activity of the Company, which arose in the following Countries by origin and destination:

Country	Turnover	
	2003	2002
	£'000	£'000
UK		
- Group	250,331	277,691
- Joint venture	-	14,431
Other EC Countries	5,488	4,109
<b>TOTAL</b>	<b>255,819</b>	<b>296,231</b>

Operating profit is stated after charging:

	2003	2002
	£'000	£'000
Auditor's remuneration: Audit services	58	57
Auditor's remuneration: Non audit services	46	68
Depreciation of Owned Assets	909	958
Depreciation of Leased Assets	-	-
Operating Lease Rentals: Plant & Machinery	2,245	1,767
Operating Lease Rentals: Land and Buildings	296	296
Rationalisation Costs	601	731

The rationalisation costs were incurred in relation to a particular contract to eliminate surplus capacity and increase profitability.

***Johnson Controls Limited***  
***Notes to the Financial Statements***  
***For the year ended 30 September 2003***

**2. Staff costs**

Staff costs during the period were as follows:

	2003	2002
	£'000	£'000
Wages and salaries	64,860	63,370
Social security costs	6,034	5,687
Other pension costs	4,066	2,800
	<u>74,960</u>	<u>71,857</u>

The average number of employees was 3,090 (2002 - 3,136), all of whom were engaged in the property and facilities management business.

Remuneration in respect of Directors was as follows:

	2003	2002
	£'000	£'000
Directors remuneration	191	485
Pension Contributions	11	65
	<u>202</u>	<u>550</u>

The emoluments of Mr J P Kennedy are paid by the ultimate parent company and are deemed to be wholly attributable to his services to the ultimate parent company. His services to this company are of a non-executive nature. Accordingly, the above details include no emoluments in respect of Mr J P Kennedy.

The emoluments of Mr K Wooden included above, are paid by Johnson Control Systems Limited, a fellow subsidiary undertaking, which bears the charge for his emoluments.

In addition to the above, Mr G Holden has received aggregate emoluments of £128,000 from the company for his services to Johnson Control Systems Limited, a fellow subsidiary undertaking. These costs have been borne by the company with no amount having been re-charged to Johnson Control Systems Limited.

**Johnson Controls Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 September 2003**

**2. Staff Costs (continued)**

The emoluments of the highest paid director in respect of his services to the company, including benefits and performance related bonus, was:

Highest paid Director:	2003 £'000	2002 £'000
Remuneration	121	256
Pension contributions	7	53
Total	<u>128</u>	<u>309</u>

The number of Directors that had amounts paid into defined contribution schemes by the Company were 1 (2002: 3). Accrued pension at the end of the year under defined benefit schemes was nil.

**3. Net interest receivable**

	2003 £'000	2002 £'000
Interest payable to group undertakings	(2)	-
Other Interest receivable	1,386	483
Net Group Interest receivable	<u>1,384</u>	<u>483</u>
Share of Joint Venture Interest receivable	-	258
Net Interest receivable	<u>1,384</u>	<u>741</u>

**4. Tax on profit on ordinary activities**

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

	2003 £'000	2002 £'000
United Kingdom corporation tax:		
Current Year	-	-
Prior year	248	-
	<u>248</u>	<u>-</u>
Joint Venture	-	818
Total	<u>248</u>	<u>818</u>

The rate of Corporation Tax used was 30% (2002: 30%)

***Johnson Controls Limited***  
***Notes to the Financial Statements***  
***For the year ended 30 September 2003***

**4. Tax on profit on ordinary activities (continued)**

(b) The current tax charge impacted by:

	2003	2002
	£'000	£'000
Profit on ordinary activities before tax	18,639	21,913
Profit before tax multiplied by the UK tax rate of 30%	5,592	6,574
<i>Effects of</i>		
Depreciation for the period in excess of capital allowances	11	75
Movement on other timing differences	(180)	(55)
Utilisation of tax losses	-	(151)
Profit on disposal of investment covered by tax relief	-	(3,018)
Unpaid group relief	(5,498)	(2,637)
Expenses not deductible for tax purposes	75	30
Adjustments to tax charge in respect of previous period	248	
Current tax charge for the period	<u>248</u>	<u>818</u>

**Johnson Controls Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 September 2003**

**5. Tangible fixed assets**

	Fixtures & Fittings and Computer Equipment	Plant Machinery and Other Equipment	Total
<b>Cost</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 30 September 2002	3,002	1,453	4,455
Additions	481	105	586
Disposals	(13)	(58)	(71)
At 30 September 2003	<u>3,470</u>	<u>1,500</u>	<u>4,970</u>
<b>Depreciation</b>			
At 30 September 2002	1,657	1,146	2,803
Charge for the period	759	150	909
Disposals	(11)	(49)	(60)
At 30 September 2003	<u>2,405</u>	<u>1,247</u>	<u>3,652</u>
<b>Net Book Amount</b>			
At 30 September 2003	<u>1,065</u>	<u>253</u>	<u>1,318</u>
At 30 September 2002	<u>1,345</u>	<u>307</u>	<u>1,652</u>



**Johnson Controls Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 September 2003**

**6. Stocks and work in progress**

	2003	2002
	£'000	£'000
Raw materials and consumables	177	164
Work in progress	1,000	966
	<u>1,177</u>	<u>1,130</u>

**7. Debtors**

	2003	2002
	£'000	£'000
Trade debtors	25,560	25,586
Amounts owed by group undertakings	64,623	45,258
Corporation tax	1,799	231
Prepayments and accrued income	1,047	1,590
Other debtors	875	768
	<u>93,904</u>	<u>73,433</u>

There are no debtors due after more than one year.

**8. Creditors (amounts falling due within one year)**

	2003	2002
	£'000	£'000
Payments received on account	12,301	11,047
Trade creditors	34,957	36,663
Amounts owed to group undertakings	4,242	2,933
Other creditors	1,626	967
Corporation tax	-	15
Social security and other taxes	4,944	4,783
Accruals	3,450	3,833
	<u>61,520</u>	<u>60,241</u>

**Johnson Controls Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 September 2003**

**9. Provisions for liabilities and charges**

	Rationalisation Provision	Pension Provision	Provisions against contracts	Total
	£'000	£'000	£'000	£'000
Balance as at 30 September 2002	2,337	-	4,565	6,902
Charged to Profit and Loss Account	240	2,294	2,095	4,629
Credited to the Profit and Loss Account	(276)	(1,124)	(3,670)	(5,070)
Reclassified from creditors	-	-	80	80
Balance as at 30 September 2003	2,301	1,170	3,070	6,541

**Rationalisation provision**

The Company undertook a major rationalisation of one of its Public Sector contracts to eliminate surplus capacity on this contract. The provision represents the future liabilities arising as a consequence of the rationalisation and has been established in accordance with FRS 12.

**Pension provision**

The pension provision arises from the Actuarial Valuation. For further details refer to note 16 on page 21.

**Provisions against contracts**

In accordance with FRS12, the company has made provisions in respect of customer claims and other contractual liabilities. The Directors have undertaken a review of the carrying value of the provisions in order to assess whether those provisions are adequate.

**Johnson Controls Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 September 2003**

**10. Deferred taxation**

The Company has no potential deferred tax liability. The company has not recognised its deferred tax asset of £1,904,000 (2002: £1,461,000) as it is not considered more likely than not it will be recovered in future periods.

**11. Share capital**

	Number	2003 £'000	Number	2002 £'000
Authorised:				
Ordinary 5p 'A' Shares	342,734,340	17,136	342,734,340	17,136
<hr/>				
Allotted and called up:				
Ordinary 5p 'A' Shares	162,734,340	8,136	162,734,340	8,136
<hr/>				

**12. Reserves**

	Profit and Loss £'000	Capital Redemption £'000	Share Premium £'000	Total £'000
At 30 September 2002	2,445	302	9	2,756
Retained profit	18,391	-	-	18,391
<hr/>				
At 30 September 2003	20,836	302	9	21,147
<hr/>				

***Johnson Controls Limited***  
***Notes to the Financial Statements***  
***For the year ended 30 September 2003***

**13. Reconciliation of movement in shareholders' funds**

<b>Group</b>	<b>2003 £'000</b>	<b>2002 £'000</b>
Profit for the financial year	18,391	21,095
Shareholders' funds brought forward	10,892	(10,203)
	<hr/>	<hr/>
Shareholders' funds carried forward	29,283	10,892
	<hr/>	<hr/>
<b>Company</b>	<b>2003 £'000</b>	<b>2002 £'000</b>
Profit for the financial year	18,391	21,831
Shareholders' funds brought forward	10,892	(10,939)
	<hr/>	<hr/>
Shareholders' funds carried forward	29,283	10,892
	<hr/>	<hr/>
All shareholders funds relate to equity interests		

***Johnson Controls Limited***  
***Notes to the Financial Statements***  
***For the year ended 30 September 2003***

**14. Capital expenditure commitments**

The Company had no capital commitments at 30 September 2003 or at 30 September 2002.

**15. Contingent liabilities**

The Company has guaranteed the borrowing of certain other group companies under a cross guarantee arrangement. There were no other contingent liabilities at 30 September 2003 or at 30 September 2002.

**16. Pensions**

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

The Company also established on 1 April 1995 a 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 the assets 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 last valuation was at 30 September 2002. 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 pre retirement would be 7% per annum and post retirement would be 5%, that salary increases would average 3.25% per annum and that future pensions would increase at the rate of 2.25% per annum. The valuation showed that the market value of the scheme's assets was £20,153,000 and the actuarial value of those assets was sufficient to cover 65% of the benefits that had accrued to members.

The last actuarial valuation for the scheme assessed the contribution rate needed for future service from 30 September 2002. On the basis that members make contributions of 6.75% of pensionable salaries, the Company has agreed to make contributions at 22% of members' pensionable salaries. The pension charge for the period from 1 October 2002 to 30 September 2003 was £2,294,000 (2002 £1,118,000). At 30 September 2003, the pension provision held in the balance sheet is £1,170,000 (2002 nil).

**Johnson Controls Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 September 2003**

**16. Pensions (continued)**

Included in Creditors is £1,703 (2002: £353,973) in respect of contributions to the two schemes.

*FRS 17 disclosures*

The Johnson Controls Pension Scheme is a defined benefit arrangement. The last full funding valuation was carried out as at 30 September 2002. A qualified independent actuary has updated the results of that valuation to 30 September 2003 to obtain the figures in this disclosure note.

The major assumptions used were:

	<b>30 September 2003</b>	<b>30 September 2002</b>
Rate of increase in salaries	3.75%	3.25%
Rate of increase to pensions in payment	2.75%	2.25%
Rate of increase to pensions in deferment	2.75%	2.25%
Discount rate	5.25%	5.50%
Inflation assumption	2.75%	2.25%

The assets in the scheme and the expected rates of return were:

	<b>Long-term rate of return expected at 30 September 2003</b>	<b>Value at 30 September 2003</b>	<b>Value at 30 September 2002</b>
		<i>£'000</i>	<i>£'000</i>
Equities	8.0%	16,452	14,197
Bonds	5.0%	6,778	6,085
Other	5.0%	534	-
<b>Total market value of assets</b>		<b>23,764</b>	<b>20,282</b>
Present value of scheme liabilities		(41,110)	(30,817)
Deficit in the scheme		(17,346)	(10,535)
Related deferred tax asset		5,204	3,161
<b>Net pension liability</b>		<b>(12,142)</b>	<b>(7,374)</b>

**Johnson Controls Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 September 2003**

**16. Pensions (continued)**

**Analysis of amount charged to operating profit**

	30 September 2003	30 September 2002
	£'000	£'000
Current service cost	893	855
Gains on any settlements and curtailments	-	(78)
Total operating charge	<u>893</u>	<u>777</u>

**Analysis of amount credited to other finance income**

	30 September 2003	30 September 2002
	£'000	£'000
Expected return on pension scheme assets	1,546	1,701
Interest on pension scheme liabilities	(1,707)	(1,656)
Net return	<u>(161)</u>	<u>45</u>

**Analysis of amount recognised in Statement of total recognised gains and losses (STRGL)**

	30 September 2003	30 September 2002
	£'000	£'000
Actual return less expected return on pension scheme assets	1,265	(4,633)
Experience gains and losses arising on the scheme liabilities	(16)	109
Changes in financial assumptions underlying the scheme liabilities	(8,130)	(1,634)
Actuarial loss recognised in STRGL	<u>(6,881)</u>	<u>(6,158)</u>

**Balance sheet presentation**

	30 September 2003	30 September 2002
	£'000	£'000
Net assets excluding pension liability	30,453	10,892
Net pension liability	(12,142)	(7,374)
Net assets including pension asset	<u>18,311</u>	<u>3,518</u>

**Reserves note**

	30 September 2003	30 September 2002
	£'000	£'000
Profit and loss reserve excluding pension liability	19,561	21,095
Pension reserve	(12,142)	(7,374)
Profit and loss reserve	<u>7,419</u>	<u>13,721</u>

**Johnson Controls Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 September 2003**

**16. Pensions (continued)**

**Movements in Deficit During the Year**

	30 September 2003 £'000	30 September 2002 £'000
Deficit in scheme at beginning of the year	(10,535)	(4,763)
Movement in year:		
Current service cost	(893)	(855)
Contributions	1,124	1,118
Settlement Gain	0	78
Other finance income	(161)	45
Actuarial loss	(6,881)	(6,158)
Deficit in scheme at the end of the year	<u>(17,346)</u>	<u>(10,535)</u>

**History of Experience Gains and Losses**

	30 September 2003	30 September 2002
Difference between the expected and actual return on scheme assets:		
Amount (£'000)	1,265	4,633
Percentage of scheme assets	5%	23%
Experience gains and losses on scheme liabilities:		
Amount (£'000)	(16)	109
Percentage of the present value of the scheme liabilities	0%	0.4%
Total amount recognized in statement of total recognised gains and losses:		
Amount (£'000)	(6,881)	(6,158)
Percentage of the present value of the scheme liabilities	(17%)	(20%)



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**17. Operating Lease Commitments**

Rentals during the year following the balance sheet date:

	Land & Buildings	Other	Total
<i>Expiring</i>	£'000	£'000	£'000
Within one year	11	-	11
Between one and five years	182	1,491	1,673
After five years	79	-	79
	<u>272</u>	<u>1,491</u>	<u>1,763</u>

**18. Immediate and Ultimate Parent Undertaking**

The immediate parent undertakings of Johnson Controls Limited is Johnson Controls (UK) Limited. The ultimate parent undertaking and ultimate controlling party of Johnson Controls 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 Johnson Controls Limited.

Accounts of Johnson Controls Inc may be obtained from:

Johnson Controls Inc  
 PO Box 591  
 MILWAUKEE WI 53201  
 USA

**19. Related Party Transactions**

The Company is exempt under FRS 8 from disclosing related party transactions with 100% members of the Johnson Controls Inc group.