

# ***Johnson Controls Limited***

## ***Annual Report & Financial Statements For the year ended 30 September 1999***

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

Company Registration No.2609164



## *Company Information*

***Directors:***

J McDonough  
J P Kennedy  
B Ross

***Auditors:***

PricewaterhouseCoopers  
31 Great George Street  
Bristol BS1 5QD

***Company Secretary:***

B Ross

***Solicitors:***

Blake Lapthorn  
New Court  
1 Barnes Wallis Road  
Segensworth  
Fareham,  
Hants 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,  
Hants 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 1999.

### **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 (1998: Nil). The retained loss for the year ended 30 September 1999 is £5,438,000 (1998: retained profit of £1,038,000).

### **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 £205.7 million (1998: £189.9 million) and a loss before tax was made of £6,508,000 (1998: profit before tax of £1,005,000). The loss is associated with a significant rationalisation on one of its major contracts to eliminate surplus capacity.

### **Interests of Directors**

None of the Directors had any share interests in the Company or in the Ultimate parent undertaking at 30 September 1999 or at 30 September 1998.

### **Year 2000 and the European Currency**

The Company has completed the process of ensuring all critical business systems are Year 2000 compliant. There have been no external costs included in the financial statements relating to conversion – it is not expected that further costs will be incurred.

The Company believes that until the UK formally decides to join the EMS, the Euro will not cause significant issues. Therefore the Company has not addressed altering financial and other systems. It is anticipated that a review will be undertaken to investigate the implications during the next 12 months.

*Johnson Controls Ltd*  
*Report of the Directors*  
*(continued)*

**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 51 days.

**Directors**

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

W H Felton	Resigned 2 February 1999
J P Kennedy	
B Ross	
J McDonough	Appointed 1 March 1999

**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.

*Johnson Controls Ltd*  
*Report of the Directors*  
*(continued)*

**Employees (continued)**

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:

- 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.

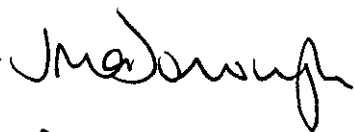
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

**Auditors**

In accordance with the provisions of Section 386 of the Companies Act 1985, the Company has dispensed with the obligation to appoint auditors annually. In the absence of a notice proposing termination of the appointment, the auditors PricewaterhouseCoopers, will be deemed to be re-appointed for the next financial year.

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

Director



Dated:

20.7.00

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

We have audited the financial statements on pages 7 to 23, which have been prepared under the historical cost convention and the accounting policies as set out on pages 10 to 12.

**Respective Responsibilities of Directors and Auditors**

As described on page 5, the Company's Directors are responsible for the preparation of the 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 and group'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, 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 Group at 30 September 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

31 Great George Street

BRISTOL

BS1 5QD

Date: 20 July 2000

*Johnson Controls Limited*  
*Group Profit and Loss Account*  
*For the year ended 30 September 1999*

		1999	1998
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>
Turnover : Group and share of joint venture	1	215,075	194,085
Less: Share of joint ventures' turnover		<u>(9,365)</u>	<u>(4,192)</u>
Group Turnover		205,710	189,893
 Cost of Sales		 <u>(196,085)</u>	 <u>(178,419)</u>
 Gross Profit		 9,625	 11,474
 Administrative Expenses		 (9,235)	 (8,338)
Rationalisation Costs – Other Administrative Expenses		(6,100)	-
Group Operating (Loss)/Profit	1	<u>(5,710)</u>	<u>3,136</u>
 Share of profit in joint venture		 <u>655</u>	 <u>172</u>
		(5,055)	3,308
 Net Interest Payable	3	 (1,453)	 (2,303)
 (Loss)/profit on Ordinary Activities Before Tax		 <u>(6,508)</u>	 <u>1,005</u>
 Tax on (Loss)/profit on Ordinary Activities	4	 <u>1,070</u>	 <u>33</u>
 (Loss)/profit on Ordinary Activities After Tax		 (5,438)	 1,038
 (Loss)/profit for the Period and transferred to Reserves	14,15	 <u>(5,438)</u>	 <u>1,038</u>

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

All operations are continuing.

The notes on pages 10 to 23 form part of these accounts.

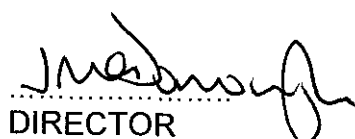
# *Johnson Controls Limited*

## *Group Balance Sheet as at 30 September 1999*

	<b>Notes</b>	1999 £'000	1998 £'000
<i>Fixed Assets</i>			
Tangible assets	5	2,716	2,872
Investment in associated undertakings	6	807	302
		<u>3,523</u>	<u>3,174</u>
<i>Current Assets</i>			
Stock and Work in Progress	7	1,153	2,995
Debtors	8	28,014	35,221
Cash at Bank and in hand		1,380	909
		<u>30,547</u>	<u>39,125</u>
<i>Current Liabilities</i>			
Creditors (amounts falling due within one year)	9	(42,278)	(46,612)
<i>Net Current (Liabilities)</i>		<u>(11,731)</u>	<u>(7,487)</u>
<i>Total Assets Less Current Liabilities</i>			
		(8,208)	(4,313)
Creditors (amounts falling due after one year)	10	(15)	(52)
Provisions for Liabilities & Charges	11	(3,845)	(2,265)
		<u>(12,068)</u>	<u>(6,630)</u>
<i>Share Capital and Reserves</i>			
Called Up Share Capital	13	8,136	8,136
Share Premium Account	14	9	9
Other reserves	14	302	302
Profit and Loss Account	14	(20,515)	(15,077)
Total Deficit on Equity Shareholders' Funds	15	<u>(12,068)</u>	<u>(6,630)</u>

The notes on pages 10 to 23 form part of these accounts.

The financial statements were approved by the Board of Directors on 20.7.00 and are signed on their behalf by:-

  
DIRECTOR



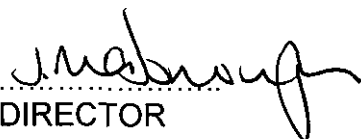
# *Johnson Controls Limited*

## *Company Balance Sheet as at 30 September 1999*

		1999	1998
	<b>Notes</b>	£'000	£'000
<i>Fixed Assets</i>			
Tangible assets	5	2,716	2,872
Investment in associated undertakings	6	130	130
		<u>2,846</u>	<u>3,002</u>
<i>Current Assets</i>			
Stock and Work in Progress	7	1,153	2,995
Debtors	8	28,014	35,221
Cash at Bank and in hand		1,380	909
		<u>30,547</u>	<u>39,125</u>
<i>Current Liabilities</i>			
Creditors (amounts falling due within one year)	9	(42,278)	(46,612)
Net Current (Liabilities)		(11,731)	(7,487)
<i>Total Assets Less Current Liabilities</i>			
		(8,885)	(4,485)
Creditors (amounts falling due after one year)	10	(15)	(52)
Provisions for Liabilities & Charges	11	(3,845)	(2,265)
		<u>(12,745)</u>	<u>(6,802)</u>
<i>Share Capital and Reserves</i>			
Called Up Share Capital	13	8,136	8,136
Share Premium Account	14	9	9
Other reserves	14	302	302
Profit and Loss Account	14	(21,192)	(15,249)
Total Deficit on Equity Shareholders' Funds	15	<u>(12,745)</u>	<u>(6,802)</u>

The notes on pages 10 to 23 form part of these accounts.

The financial statements were approved by the Board of Directors on 20.7.00 and are signed on their behalf by:-

  
 DIRECTOR

# *Johnson Controls Limited*

## *Accounting Policies*

*For the year ended 30 September 1999*

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.

The financial statements have been prepared on a going concern basis and it is the intention of Johnson Controls Inc. to maintain JCL as a going concern and to enable it to meet its financial obligations as they fall due.

b) *Consolidation*

The accounts incorporate the results of the Company and its joint venture. Results for the joint venture are based on unaudited management accounts for the period to 30 September 1999. The gross equity method has been used.

c) *Turnover*

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

d) *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.

e) *Fixed Asset Investments*

Fixed asset investments are included at cost less permanent diminution in value.

# *Johnson Controls Limited*

## *Accounting Policies*

*For the year ended 30 September 1999*

*f) Goodwill*

Goodwill on acquisition made prior to the introduction of FRS 10 has been written off to reserves. Since this date, goodwill is capitalised as an intangible asset and amortised over its estimated useful life.

*g) Stock and Work-in-Progress*

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

*h) Deferred taxation*

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

*i) 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 18 to the accounts.

*j) 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. Operating lease rentals are charged to the profit and loss account as they are incurred.

*Johnson Controls Limited*  
*Accounting Policies*  
*For the year ended 30 September 1999*

*k) 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.

*l) 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 1999*

**1. Turnover and Operating (loss)/profit**

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

Country	Turnover	
	1999 £'000	1998 £'000
UK	213,693	189,131
Other EC Countries	1	762
Rest of World	1,381	-
<b>TOTAL</b>	<b>215,075</b>	<b>189,893</b>

Operating (loss)/profit is stated after charging:

	1999 £000	1998 £000
Auditor's remuneration: Audit services	78	76
Auditor's remuneration: Non audit services	36	70
Depreciation of Owned Assets	1,092	1,346
Depreciation of Leased Assets	27	27
Operating Lease Rentals: Plant & Machinery	1,052	716
Operating Lease Rentals: Land and Buildings	443	346
Research and Development	-	149
Rationalisation Costs	6,100	-
Year 2000 costs	-	40

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 1999*

**2. Staff Costs**

Staff costs during the period were as follows:

	1999	1998
	£'000	£'000
Wages and salaries	44,312	36,777
Social security costs	4,674	3,187
Other pension costs	2,909	1,845
	<u>51,895</u>	<u>41,809</u>

The average number of employees was 1,887 (1998- 1,975), all of whom were engaged in the property and facilities management business.

Remuneration in respect of Directors was as follows:

	1999	1998
	£'000	£'000
Directors remuneration	414	191
Pension Contributions	48	4
	<u>462</u>	<u>195</u>

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:	1999	1998
	£'000	£'000
Remuneration	181	114
Pension contributions	9	-
Total	<u>190</u>	<u>114</u>

The number of Directors that had amounts paid into defined contribution schemes by the Company were 2 (1998: 1). Accrued pension at the end of the year under defined benefit schemes was nil.

*Johnson Controls Limited*  
*Notes to the Financial Statements*  
*For the year ended 30 September 1999*

**3. Net Interest Payable**

	1999	1998
	£'000	£'000
Interest payable to group undertakings	(1,552)	(2,322)
Interest – Finance leases	(5)	
Other Interest Receivable	6	19
Net Group Interest payable	(1,551)	(2,303)
Share of Joint Venture Interest receivable	98	-
Net Interest payable	(1,453)	(2,303)

**4. Tax on (Loss)/Profit on Ordinary Activities**

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

	1999	1998
	£'000	£'000
Company		
United Kingdom corporation tax: Current year	(1,396)	-
: Prior year	78	(33)
	(1,318)	(33)
Joint Venture	248	-
Total	(1,070)	(33)

The rate of Corporation Tax used was 30.5% (1998: 31%)

***Johnson Controls Limited***  
***Notes to the Financial Statements***  
***For the year ended 30 September 1999***

**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 1 October 1998	5,668	1,575	7,243
Additions	827	247	1,074
Disposals	(181)	(163)	(344)
At 30 September 1999	<u>6,314</u>	<u>1,659</u>	<u>7,973</u>
<b>Depreciation</b>			
At 1 October 1998	(3,610)	(761)	(4,371)
Charge for the period	(965)	(154)	(1,119)
Disposals	123	110	233
At 30 September 1999	<u>(4,452)</u>	<u>(805)</u>	<u>(5,257)</u>
<b>Net Book Amount</b>			
At 30 September 1999	<u>1,862</u>	<u>854</u>	<u>2,716</u>
At 30 September 1998	<u>2,058</u>	<u>814</u>	<u>2,872</u>

Included in tangible fixed assets are the following assets held under finance leases:

	Fixtures & Fittings and Computer Equipment	Plant Machinery and Other Equipment	Total
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cost	250	-	250
Depreciation	(187)	-	(187)
<b>Net Book Amount</b>	<u>63</u>	<u>-</u>	<u>63</u>



*Johnson Controls Limited*  
*Notes to the Financial Statements*  
*For the year ended 30 September 1999*

**6. Investments in Joint Ventures**

<b>Group</b>	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
<i>Share of Assets</i>		
Share of Fixed Assets	310	95
Share of Current Assets	<u>5,611</u>	<u>3,320</u>
	5,921	3,415
<i>Share of Liabilities</i>		
Liabilities due within one year	(4,999)	(3,113)
Liabilities due after more than one year	<u>(115)</u>	<u>-</u>
	(5,114)	(3,113)
Share of Net Assets	<u><u>807</u></u>	<u><u>302</u></u>

At 30 September 1999 the company held the attributable allotted share capital of the following, which are incorporated in the UK:-

Undertaking	Class of Share Capital Held	Proportion held by Parent Company	Nature of Business
Flagship Limited	Ordinary	26%	Provision of Training and FM services

Johnson Controls Ltd. seconds personnel to Flagship. The value of the services provided by Johnson Controls Ltd. to Flagship for the year ended 30 September 1999 amounts to £173,000 and £54,089 remained outstanding at the year end.

**Company**

The investment in Flagship is held at cost of £130,000 (1998 - £130,000).

*Johnson Controls Limited*  
*Notes to the Financial Statements*  
*For the year ended 30 September 1999*

**7. Stock and Work in Progress**

	1999	1998
	£'000	£'000
Raw Materials and Consumables	207	225
Work in Progress	946	2,770
	<u>1,153</u>	<u>2,995</u>

**8. Debtors**

	1999	1998
	£'000	£'000
Trade Debtors	24,086	32,263
Amounts owed by Group Undertakings	2,691	1,566
Corporation Tax	569	668
Prepayments and Accrued Income	446	724
Other Debtors	222	-
	<u>28,014</u>	<u>35,221</u>

Included in the above are debtors due after more than one year of £1,827,730 (1998: Nil)

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

	1999	1998
	£'000	£'000
		(restated)
Bank Overdraft	171	-
Payments received on Account	3,184	2,853
Obligations under finance leases	29	32
Trade Creditors	26,423	23,691
Amounts owed to Group Undertakings	5,172	15,454
Other Creditors	269	-
Social Security and other taxes	3,964	3,495
Accruals	3,066	1,087
	<u>42,278</u>	<u>46,612</u>

**10. Creditors (amounts falling due after one year)**

	1999	1998
	£'000	£'000
Obligations under finance leases amounts due between one and five years	15	52
	<u>15</u>	<u>52</u>

*Johnson Controls Limited*  
*Notes to the Financial Statements*  
*For the year ended 30 September 1999*

**11. Provisions for Liabilities and Charges**

	Vacant Properties	Rationalisation Provision	Provisions against contracts	Other	Total
Balance as at 30/9/98	64	630	988	583	2,265
Reclassified	(64)		(627)	(583)	(1,274)
Charged to Profit and Loss Account	432	2,653	254		3,339
Credited to the Profit and Loss Account			(202)		(202)
Utilised during the year		(193)	(90)		(283)
Balance as at 30/9/99	432	3,090	323	-	3,845

**Vacant Properties**

The Company is in the process of negotiating the termination of a lease on a building provided by a client. The lease has a break clause due in 18 months from the balance sheet date. The building is currently unoccupied. The terms of the lease prevent sub-letting. Provision has been made for the future rentals in accordance with FRS 12.

**Rationalisation Provision**

The Company has undertaken a major rationalisation of one of its Public Sector contracts during the year 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

**Provisions Against Contracts**

In accordance with SSAP 9 the Company provides against it's long term contracts where a loss is likely to be realised on a contract. Full provision is made for future losses. The Directors undertake a review each year of the carrying value of the provision against each specific contract and assess whether other contracts should be provided for.

*Johnson Controls Limited*  
*Notes to the Financial Statements*  
*For the year ended 30 September 1999*

**12. Deferred taxation**

The Company has no potential deferred tax liability because there are sufficient trading losses carried forward at 30 September 1999 to cover any reversal of timing differences in the foreseeable future.

**13. Share Capital**

		1999		1998
	No.	£'000	No.	£'000
<b>Authorised:</b>				
Ordinary 5p 'A' Shares	342,734,340	<u>17,136</u>	342,734,340	<u>17,136</u>
		1999		1998
	No.	£'000	No.	£'000
<b>Allotted and Called Up:</b>				
Ordinary 5p 'A' Shares	162,734,340	<u>8,136</u>	162,734,340	<u>8,136</u>

**14. Reserves**

	Profit And Loss (Group) £'000	Capital Redemption £'000	Share Premium £'000	Total £'000	Profit And Loss (Company) £'000
At 1 October 1998	(15,077)	302	9	(14,766)	(15,249)
Transfer	(5,438)	-	-	(5,438)	(5,943)
At 30 September 1999	<u>(20,515)</u>	<u>302</u>	<u>9</u>	<u>(20,204)</u>	<u>(21,192)</u>

*Johnson Controls Limited*  
*Notes to the Financial Statements*  
*For the year ended 30 September 1999*

**15. Reconciliation of Movement in Shareholders' Funds**

<b>Group</b>	<b>1999 £'000</b>	<b>1998 £'000</b>
(Loss)/profit for the Period	(5,438)	1,038
Purchase of own shares	-	(9,000)
Net (Reduction) to Shareholders' Funds	<u>(5,438)</u>	<u>(7,962)</u>
Shareholders' Funds Brought Forward	(6,630)	1,332
Shareholders' Funds Carried Forward	<u>(12,068)</u>	<u>(6,630)</u>
<b>Company</b>	<b>1999 £'000</b>	<b>1998 £'000</b>
(Loss)/profit for the Period	(5,943)	866
Purchase of own shares	-	(9,000)
Net (Reduction) to Shareholders' Funds	<u>(5,943)</u>	<u>(8,134)</u>
Shareholders' Funds Brought Forward	(6,802)	1,332
Shareholders' Funds Carried Forward	<u>(12,745)</u>	<u>(6,802)</u>

All shareholders funds relate to equity interests

The Company has taken advantage of the provisions of section 230(1) of the Company's Act 1985 and has not presented its own profit and loss account for the period. The parent company's loss for the year included within the consolidated result was £5,943,000 (1998 – profit £866,000).

*Johnson Controls Limited*  
*Notes to the Financial Statements*  
*For the year ended 30 September 1999*

**16. Capital Expenditure Commitments**

The Company had no capital commitments at 30 September 1999 or at 30 September 1998.

**17. 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 1999 or at 30 September 1998.

**18. 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 1<sup>st</sup> April 1998. 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 8% per annum, that salary increases would average 4% per annum and that future pensions would increase at the rate of 3.5% per annum. The valuation showed that the market value of the scheme's assets was £20,974,000 and the actuarial value of those assets was sufficient to cover 98% of the benefits that had accrued to members.

The last actuarial valuation for the scheme assessed the contribution rate needed for future service from 1 April 1998. On the basis that members make contributions of 5.75% of pensionable salaries, the Company has agreed to make contributions at 10.2% of

*Johnson Controls Limited*  
*Notes to the Financial Statements*  
*For the year ended 30 September 1999*

members' pensionable salaries. The pension charge for the period from 1 October 1998 to 30 September 1999 was £930,797.

Included in Creditors is £188,848 (1998: Nil) in respect of contributions to the two schemes.

**19. Operating Lease Commitments**

Rentals during the year following the balance sheet date:

	Land & Buildings	Other	Total
<i>Expiring:</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Within one year	-	12	12
Between one and five years	304	821	1,125
After five years	75	-	75
	<u>379</u>	<u>833</u>	<u>1,212</u>

**20. Immediate and Ultimate Parent Undertaking**

The immediate parent undertakings of Johnson Controls Limited are 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

**21. Related Party Transactions**

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