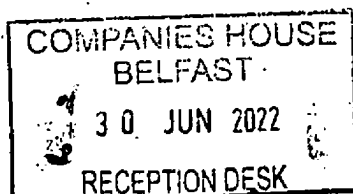


# Emerson Climate Technologies Limited

Directors' report and financial statements

Year ended 30 September 2021

*Company registration number: 01741737*



# Emerson Climate Technologies Limited

## Contents

Directors and other information	1
Directors' report	2
Statement of directors' responsibilities in respect of the directors' report and the financial statements	4
Independent auditor's report to the members of Emerson Climate Technologies Limited	5
Profit and loss account and other comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Notes forming part of the financial statements	12

# Emerson Climate Technologies Limited

## Directors' and other information

### Directors

Jean Janssen (resigned 1 May 2022)  
Sandro Matic (Appointed 1 May 2022)  
Torsten Keller-Carnap

### Secretary

Torsten Keller-Carnap

### Bankers

Barclays Bank PLC  
London  
England

### Solicitors

Donaldson McConnell  
8-10 Graham Gardens  
Lisburn  
BT28 1XE

### Auditors

KPMG  
Chartered Accountants  
The Soloist Building  
1 Lanyon Place  
Belfast  
BT1 3LP

### Registered office

Unit 17  
Theale Lakes Business Park  
Moulden Way  
Sulhamstead  
Reading  
Berkshire  
United Kingdom  
RG7 4GB

### Company registration number

01741737

# Emerson Climate Technologies Limited

## Directors' report

The directors present their directors' report and financial statements for the year ended 30 September 2021.

### Principal activities and business review

The company operates as a European sales office for Emerson branded products for the Refrigeration, Air Conditioning and Heating industries.

The results for the year are shown on page 9.

### Proposed dividend

The directors have paid an interim dividend of £nil (2020: £nil).

A final dividend has not been proposed.

### Directors

The directors who held office during the year and for the period up to the date of this report were as follows:

J Janssen (resigned 1 May 2022)

Sandro Matic (Appointed 1 May 2022)

T Keller-Carnap

### Political contributions

No political contributions were made, nor political expenditure incurred, during the year (2020: £nil).

### Going Concern

The financial statements of the entity have been prepared based on continuing activity. The activities started to be affected by COVID-19 during the previous year but this did not negatively impact on its financial statements in 2020 or 2021. At the date the Board of Directors approved the entity's 2021 financial statements, the entity's management is not aware of any material uncertainties that call into question the entity's ability to continue as a going concern.

The company's ultimate parent undertaking is Emerson Electric Company, a large multinational corporation with significant financial resources. The parent company has indicated that it will support Emerson Climate Technologies Limited as necessary.

The directors have considered the extent to which these matters create uncertainty, particularly over the company's future trading prospects and the availability of financing in the foreseeable future. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company will be able to operate within the level of its current related party loan facilities. In addition, the directors are confident that should additional funding be required, they would be able to source this, if necessary, from within the Emerson group.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

# Emerson Climate Technologies Limited

## Directors' report (*continued*)

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

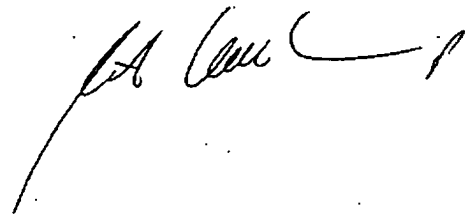
### Small company exemption

In preparing the directors report, the directors have taken the small company exemption under Section 414B of the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2016, not to prepare a strategic report for presentation with these financial statements.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG will therefore continue in office.

By order of the board

A handwritten signature in black ink, appearing to read 'T Keller-Carnap', is written over a horizontal line.

T Keller-Carnap  
*Director*

29 June 2022

# Emerson Climate Technologies Limited

## Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

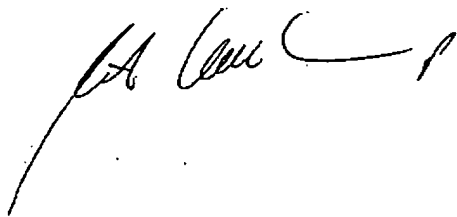
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the board



T Keller-Carnap  
Director

29 June 2022



KPMG  
Audit  
The Soloist Building  
1 Lanyon Place  
Belfast BT1 3LP  
Northern Ireland

## Independent auditor's report to the members of Emerson Climate Technologies Limited

### Report on the audit of the financial statements

#### **Opinion**

We have audited the financial statements of Emerson Climate Technologies Limited ('the Company') for the year ended 30 September 2021, which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, issued by the Financial Reporting Council.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.



## Independent auditor's report to the members of Emerson Climate Technologies Limited *(continued)*

### Report on the audit of the financial statements *(continued)*

#### **Conclusions relating to going concern *(continued)***

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

#### **Detecting irregularities including fraud**

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. The company is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition. We did not identify any additional fraud risks.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.





## Independent auditor's report to the members of Emerson Climate Technologies Limited *(continued)*

### Report on the audit of the financial statements *(continued)*

#### ***Detecting irregularities including fraud (continued)***

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

#### ***Other information***

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

#### ***Opinions on other matters prescribed by the Companies Act 2006***

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

#### ***Matters on which we are required to report by exception***

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.



## Independent auditor's report to the members of Emerson Climate Technologies Limited *(continued)*

### **Respective responsibilities and restrictions on use**

#### ***Responsibilities of directors for the financial statements***

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities or error, and to issue an opinion in an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### ***The purpose of our audit work and to whom we owe our responsibilities***

Our report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Tom McEvoy (Senior Statutory Auditor)**  
**for and on behalf of**  
**KPMG Statutory Auditor**  
Chartered Accountants  
The Soloist Building  
1 Lanyon Place  
Belfast  
BT1 3LP

30 June 2022

# Emerson Climate Technologies Limited

## Profit and Loss Account and Other Comprehensive Income for the year ended 30 September 2021

	<i>Note</i>	<b>2021 £000</b>	<b>2020 £000</b>
<b>Turnover</b>	2	<b>1,163</b>	<b>915</b>
Cost of sales		-	-
<b>Gross profit</b>		<b>1,163</b>	<b>915</b>
Other operating income	3	219	256
Administrative expenses		(763)	(814)
<b>Operating profit</b>	4	<b>619</b>	<b>357</b>
Net interest receivable	7	10	49
<b>Profit on ordinary activities before taxation</b>		<b>629</b>	<b>406</b>
Tax on profit on ordinary activities	8	(114)	58
<b>Profit and total comprehensive income for the financial year</b>		<b>515</b>	<b>464</b>

The company has no other comprehensive income other than that dealt with in the profit and loss account and accordingly a separate statement of other comprehensive income has not been presented.

All of the results of the company derive from continuing operations.

The notes on pages 11 to 24 form part of these financial statements.

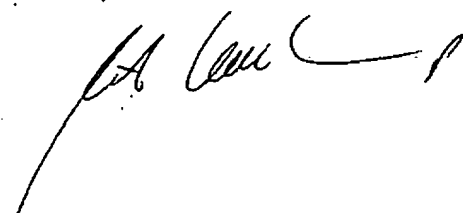
# Emerson Climate Technologies Limited

## Balance Sheet

as at 30 September 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
<b>Fixed assets</b>					
Tangible assets	9		1		1
<b>Current assets</b>					
Debtors	10	20,795		20,144	
<b>Creditors: amounts falling due within one year</b>	11	(328)		(192)	
<b>Net current assets</b>			20,467		19,952
<b>Total assets less current liabilities</b>			20,468		19,953
<b>Net assets</b>			20,468		19,953
<b>Capital and reserves</b>					
Called up share capital	13		13,500		13,500
Profit and loss account			6,968		6,453
<b>Shareholders' funds</b>			20,468		19,953

These financial statements were approved by the board of directors on 29 June 2022 and were signed on its behalf by:



**Torsten Keller-Carnap**  
Director

Company registration number: 01741737

The notes on pages 11 to 24 form part of these financial statements.

# Emerson Climate Technologies Limited

## Statement of Changes in Equity

for year ended 30 September 2021

	Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 October 2019	13,500	5,989	19,489
<b>Total comprehensive income for the year</b>			
Profit for the year	-	464	464
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	464	464
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 September 2020</b>	<b>13,500</b>	<b>6,453</b>	<b>19,953</b>
	<hr/>	<hr/>	<hr/>

	Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 October 2020	13,500	6,453	19,953
<b>Total comprehensive income for the year</b>			
Profit for the year	-	515	515
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	515	515
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 September 2021</b>	<b>13,500</b>	<b>6,968</b>	<b>20,468</b>
	<hr/>	<hr/>	<hr/>

The notes on pages 11 to 24 form part of these financial statements.

# Emerson Climate Technologies Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Emerson Climate Technologies Limited (the "company") is a private company limited by shares and incorporated, domiciled and registered in England and Wales in the UK. The registered number is 01741737 and the registered address is Unit 17 Theale Lakes Business Park, Moulden Way, Sulhamstead, Reading, Berkshire, RG7 4GB.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The company's ultimate parent undertaking, Emerson Electric Company includes the company in its consolidated financial statements. The consolidated financial statements of Emerson Electric Company are available to the public as stated in note 16. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Emerson Electric Company include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The preparation of the financial statements requires management to make judgement, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed and revised on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management have assessed that there are no estimates or judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognised in the financial statements.

#### **Measurement convention**

The financial statements are prepared on the historical cost basis.

# Emerson Climate Technologies Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Going concern*

The company's ultimate parent undertaking is Emerson Electric Company, a large multinational corporation with significant financial resources. The parent company has indicated that it will support Emerson Climate Technologies Limited as necessary.

The directors have considered the extent to which these matters create uncertainty, particularly over the company's future trading prospects and the availability of financing in the foreseeable future. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company will be able to operate within the level of its current related party loan facilities. In addition, the directors are confident that should additional funding be required, they would be able to source this, if necessary, from within the Emerson group.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### *Foreign currency*

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### *Classification of financial instruments issued by the company*

In accordance with FRS 102.22, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

# Emerson Climate Technologies Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Basic financial instruments*

##### *Trade and other debtors/creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and deposits.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described in the expenses section below.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

- Computer and office equipment 3 to 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### *Impairment*

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.



# Emerson Climate Technologies Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### **Impairment (continued)**

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

#### **Employee benefits**

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Defined benefit plans*

The company's employees are members of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the entity which is legally responsible for the plan, which is Emerson Holdings Co Limited, another member of the group. The company then recognises a cost equal to its contribution payable for the period.

#### **Turnover**

Turnover represents the amounts derived from the provision of services which fall within the company's ordinary activities, stated net of value added tax.

#### **Expenses**

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Interest receivable*

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income is recognised in profit or loss as they accrue, using the effective interest method.

# Emerson Climate Technologies Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Timing differences are not provided for differences between accumulated depreciation and tax allowances for the cost of a fixed asset, if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### 2 Analysis of turnover

	2021 £000	2020 £000
<i>By geographical market</i>		
Europe	1,163	915

### 3 Other income

	2021 £000	2020 £000
Intercompany charges	219	256

# Emerson Climate Technologies Limited

## Notes (continued)

### 4 Expenses and auditor's remuneration

*Included in profit are the following:*

	2021 £000	2020 £000
Foreign exchange losses	10	2
Auditors remuneration – audit	6	6
Rentals payable under operating leases – other	38	23
	<u>          </u>	<u>          </u>

### 5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2021	2020
Administration	2	3
Selling and distribution	5	5
	<u>          </u>	<u>          </u>
	7	8
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	657	635
Social security costs	73	68
Contributions to defined contribution pension plans	33	32
Expenses related to defined benefit pension plans	70	70
	<u>          </u>	<u>          </u>
	833	805
	<u>          </u>	<u>          </u>

£270k (2020: £289k) of costs are included above which are borne by other group companies for employee related expenses which have been recharged to the company by other group companies.

# Emerson Climate Technologies Limited

## Notes (continued)

### 6 Directors' remuneration

	2021 £000	2020 £000
--	--------------	--------------

Directors' remuneration

-

The directors' total emoluments for the year were paid by various companies of the Emerson Electric Co. Group. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as employees and directors of other companies within the Emerson Electric Co. Group.

### 7 Net interest receivable and similar income

	2021 £000	2020 £000
Receivable from group undertakings	10	49

### 8 Taxation

#### Analysis of charge/(credit) in the year

	2021 £000	2020 £000
<b>Current tax</b>		
Current tax on income for the year	120	-
Adjustments in respect of prior years	(12)	(58)

#### Total current tax charge/(credit)

108 (58)

#### Deferred tax

Origination and reversal of temporary differences

6 -

#### Total tax charge/(credit) on profit on ordinary activities

114 (58)

#### Reconciliation of tax charge/(credit)

Profit for the year	515	464
Total tax charge/(credit)	114	(58)

Profit on ordinary activities before taxation

629 406

Tax using the UK corporation tax rate of 19% (2020: 19%)

120 77

Non-deductible expenses

- 1

Adjustments to tax charge in respect of previous year

(12) (58)

Group relief received at nil consideration

- (78)

Origination and reversal of temporary differences

6 -

#### Total tax charge/(credit) included in profit or loss

114 (58)

# Emerson Climate Technologies Limited

## Notes (continued)

### 8 Taxation (continued)

#### Factors affecting the tax charge

The Finance Bill 2021 announced an increase in the rate of corporation tax from April 2023 to 25%. This Finance Bill was substantively enacted on 24 May 2021 and has impacted these financial statements in the calculation of deferred tax and will likely increase the Company's future income tax charges accordingly.

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
	£000	£000	£000	£000	£000	£000
Timing differences	-	-	(6)	-	(6)	-

### 9 Tangible fixed assets

	Computer & office equipment £000	Total £000
<b>Cost</b>		
Balance at 1 October 2020	68	68
Additions	-	-
Disposals	(5)	(5)
	<u>63</u>	<u>63</u>
Balance at 30 September 2021	63	63
<b>Depreciation and impairment</b>		
Balance at 1 October 2020	67	67
Depreciation charge for the year	-	-
Depreciation on Disposals	(5)	(5)
	<u>62</u>	<u>62</u>
Balance at 30 September 2021	62	62
<b>Net book value</b>		
At 1 October 2020	1	1
	<u>1</u>	<u>1</u>
At 30 September 2021	1	1

# Emerson Climate Technologies Limited

## Notes (continued)

### 10 Debtors

	2021 £000	2020 £000
Amounts owed by group undertakings	20,645	20,050
Other debtors	126	63
Other taxes	5	15
Prepayments and accrued income	19	15
Corporation tax	-	1
	<u>20,795</u>	<u>20,144</u>

Amounts owed by group undertakings are interest free, settled within normal trading terms and unsecured, with the exception of the cashpool arrangement with Emersub Treasury Ireland Unlimited Company £20,346,847 (2020: £19,957,779) which bears interest at 0.5% and is repayable on demand.

### 11 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Bank overdraft	14	-
Trade creditors	32	4
Amounts owed to group undertakings	54	60
Corporation tax	108	-
Taxation and social security	14	20
Other creditors	79	83
Accruals and deferred income	21	25
Deferred tax	6	-
	<u>328</u>	<u>192</u>

Amounts owed to group undertakings are unsecured, interest free and settled within normal trading terms.

# Emerson Climate Technologies Limited

## Notes (continued)

### 12 Employee benefits

The company participates in a group hybrid pension scheme (part-defined benefit and part-defined contribution) being The Emerson UK Pension Plan ("the Plan"). The Emerson Climate Technologies Limited section forms one of the defined benefit sections of the Plan.

#### *Defined benefit section*

The Plan is operated by Emerson Holding Company Limited (the "Principal Company"). The assets of the Plan are administered by a Trustee in a fund independent from those of the company. A full actuarial valuation of the Plan (including both the defined benefit and the defined contribution sections of the Plan) was carried out on 31 March 2020. This valuation indicated that the market value of the Plan's assets represented a funding level at 31 March 2020 of 108% of the benefits that had accrued to members. The next actuarial valuation is expected to be carried out at 31 March 2023.

This was the fifth valuation of the Plan under the scheme specific funding legislation introduced by the Pensions Act 2004. As required by legislation, a Statement of Funding Principles and a new Schedule of Contributions were agreed by the Trustee and the Principal Company as part of the valuation.

As the 31 March 2020 valuation of the Plan revealed a surplus, the participating employers are not required to pay any deficit contributions under the new Schedule of Contributions. Additionally, all expenses relating to the Plan, including operating expenses, statutory levies, accountancy, and audit fees, will be met from Plan assets until the completion of the next actuarial valuation, expected to be no later than 30 June 2024.

Accordingly, the total combined participating employer contributions to the defined benefit sections of the Plan for the year ended 30 September 2021 was £nil (2020: £11,500,000).

As there is no contractual agreement or stated group policy for charging the FRS 102 net defined benefit cost of the plan to participating entities, the defined benefit cost of the pension plan and the net defined benefit liability are recognised by Emerson Holding Company Limited and Emerson Automation Solutions SSC UK Limited. The Company then recognises a cost equal to its contribution payable for the period as if it was a defined contribution scheme. Under the new Schedule of Contributions, the participating employers, including the Company, are not required to pay any contributions to the Plan.

The profit and loss charge in respect of the company's employer contributions to the Plan for the year amounted to £70,000 (2020: £70,000) and there were no contributions outstanding at the year-end (2020: £Nil).

# Emerson Climate Technologies Limited

## Notes (continued)

### 12 Employee benefits (continued)

Details of the fair value of the Plan's assets as at 30 September 2020 and 30 September 2021, as reported by Emerson Holding Company Limited and Emerson Automation Solutions SSC UK Limited, are as follows:

#### Reported by Emerson Holding Company Limited

	2021 Fair value £000	2021 Fair value %	2020 Fair value £000	2020 Fair value %
Equities	228,634	35.6	274,966	44.5
Debt securities	391,410	60.9	320,072	51.8
Other	22,166	3.5	22,862	3.7
<b>Total</b>	<b>642,210</b>	<b>100</b>	<b>617,900</b>	<b>100</b>

#### Reported by Emerson Automation Solutions SSC UK Limited

	2021 Fair value £000	2021 Fair value %	2020 Fair value £000	2020 Fair value %
UK Equities	0	0.0	5,668	2.3
Overseas Equities	95,706	36.4	108,537	43.5
Corporate Bonds	42,056	16.1	43,327	17.3
Index-Linked Gilts	77,562	29.5	37,837	15.2
Fixed-Interest Gilts	44,226	16.8	51,654	20.7
Cash	1,992	0.8	1,293	0.5
Insured annuities	1,114	0.4	1,207	0.5
<b>Total</b>	<b>262,656</b>	<b>100</b>	<b>249,523</b>	<b>100</b>

#### Defined contribution section

The company's pension costs for the year in respect of the defined contribution section of the Plan amounted to £32,600 (2020: £32,121). The contributions outstanding at the year-end amounted to £Nil (2020: £Nil).



# Emerson Climate Technologies Limited

## Notes (continued)

### 13 Capital and reserves

#### Share capital

	2021 £000	2020 £000
<i>Allotted, called up and fully paid</i>		
13,500,000 ordinary shares of £1 each	13,500	13,500
	<hr/>	<hr/>
Shares classified in shareholders' funds	13,500	13,500
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

#### Profit and loss account

This holds the accumulated profit of the company

### 14 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings 2021 £000	Other 2021 £000	Land and buildings 2020 £000	Other 2020 £000
Less than one year	35	9	35	18
Between one and five years	53	2	88	12
	<hr/>	<hr/>	<hr/>	<hr/>
	88	11	123	30
	<hr/>	<hr/>	<hr/>	<hr/>

During the year £38,000 (2020: £23,000) was recognised as an expense in the profit and loss account in respect of operating leases.

### 15 Related parties

In accordance with FRS102 Section 33.1A, the directors have not disclosed related party transactions between the company and other wholly owned subsidiaries of the Emerson Electric Co. group.

# Emerson Climate Technologies Limited

## Notes *(continued)*

### **16 Ultimate parent company and parent company of larger group**

The company is a subsidiary undertaking of Emerson Electric Co. which is the ultimate parent company incorporated in the state of Missouri in the United States of America.

The largest group in which the results of the company are consolidated is that headed by Emerson Electric Co. incorporated in the USA. The consolidated accounts of this group are available to the public and may be obtained from the address below:

Emerson Electric Co.  
800 W. Florissant Ave  
St Louis  
Missouri  
USA