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**Sensormatic Commercial/Industrial Limited
Annual report and financial statements
for the year ended 30 September 2020**

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Sensormatic Commercial/Industrial Limited

Annual report and financial statements for the year ended 30 September 2020

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Sensormatic Commercial/Industrial Limited

Strategic report

The directors present their Strategic report on the company for the year ended 30 September 2020.

Review of business

The company sells closed circuit television and access control systems, theft detection systems and fire detection products, the wholesale distribution of security systems and system integrations together with their allied equipment.

The results for the financial year are given in the Statement of comprehensive income on page 10. This shows the company's sales decreased by 16% to €88,557,000 in the year (2019: €105,620,000) however the company has experienced an increase in the gross margin from 22% to 27%. This is as a result of a decrease in costs across the group in relation to the electronic article surveillance "EAS" and video access control "VAC" products. The result of this is that an operating profit of €3,087,000 (2019: operating loss of €5,228,000) was reported.

At 30 September 2020, the company was in a net liabilities position of €20,846,000 (2019: net liabilities €21,906,000), a decrease of €1,060,000 in the financial year which is directly attributable to the total profit for the year.

Future developments and key performance indicators

The directors do not consider, at the date of this report, any likely major changes in the company's activities in the next year.

Johnson Controls International plc manages its business on a divisional basis. For this reason the Directors of the company do not believe that further key performance indicators are necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Europe, Middle East and Africa division, which includes the company, is discussed in the Johnson Controls International plc 2020 Annual Report, which does not form part of this report.

Business environment and strategy

The market continues to be highly competitive in all areas of operation of the company. The company will continue to focus on key account management of its customers, enabling it to retain contracts, and use its knowledge, products, expertise and solutions to expand its customer base. With the support of Johnson Controls product research and development facilities, the company will also continue to provide excellent quality products and offer innovative solutions to our customers

Principal risks and uncertainties

Any of the following could materially and adversely impact the results of operations of our business: delays or difficulties in new product development; the introduction of similar or superior technologies from competitors; financial instability or market declines of our major customers or component suppliers; a significant decline in the construction of new commercial buildings requiring interior control systems; changes in energy costs or governmental regulations that would decrease the incentive for customers to update or improve their interior control systems and increased energy efficiency legislation requirements.

The company requires risk management and operational policies and procedures to be implemented in all areas of the business. Furthermore, there is a robust supervision structure which allows management to account for the delivery of the company's contracts and to oversee relationships with its key stakeholders. The directors consider cybersecurity threats and incidents range from individual attempts to gain unauthorised access to IT systems to advanced persistent threats, directed at the company, our products, customers and/or third party service providers. The potential consequences of a material cybersecurity incident include financial loss, reputational damage, litigation with third parties, theft of intellectual property, fines levied by the authority, diminution in the value of investment in research and development and increased protection and remediation costs. This could adversely affect competitiveness and results of operations of the business.

Sensormatic Commercial/Industrial Limited

Strategic report (cont'd)

Principal risks and uncertainties (cont'd)

The company deploys measures to deter, prevent, detect, respond to and mitigate these threats, including identity and access controls, data protection, product software designs, continuous monitoring of IT networks and systems and maintenance of backup and protective systems.

The business is directly impacted by the effects of climate change. The directors recognise that timely adoption of comprehensive energy and climate legislation will reduce economic and regulatory uncertainty and allow the company to better manage both risks and opportunities related to climate change. These uncertainties include emission reduction requirements, energy price volatility, energy-intensive materials pricing, and the impact of building efficiency codes, standards and incentives.

As part of this year's risk assessment we have considered the impact of the United Kingdom leaving the EU. The internal working group previously established will continue to consider the potential impact on the availability of markets and market access rights; the impact on strategy and operations; increases in import cost.

In relation to the evolving coronavirus situation, we have been working to identify any ongoing potential risks, define and implement risk mitigation plans, and determine a safe and sustainable return to normal operations should we be impacted at scale. Our top priority remains ensuring that our people and our extended supplier partners are safe, and we will continually assess the situation and monitor for any potential disruptions. Whilst we continue to monitor the situation carefully, and responsibly we do not believe that this matter will significantly impact our ability to continue trading for the foreseeable future.

Streamlined energy and carbon reporting disclosure

Global energy consumption and greenhouse gas emissions for the period from 1 October 2019 to 30 September 2020 is as follows:

	Current reporting Year 2019-2020
	UK and Offshore
Energy consumption used to calculate emissions: /kWh	3,542
Emissions from combustion of gas tCO2e (Scope 1)	-
Emissions from combustion of fuel for transport purposes (Scope 1)	1
Emissions from business travel in employee owned vehicles where employee is responsible for purchasing fuel (scope 3)	**
Emissions from purchased electricity (Scope 2, location-based)	-
Total gross CO2e based on above	1
Intensity ratio: tCO2e (gross Scope 1 +2) e.g. £100,000 revenue	-

** Emissions from business travel in employee owned vehicles where the employee is responsible for purchasing fuel is minimal (Scope 3).

Sensormatic Commercial/Industrial Limited

Strategic report (cont'd)

Streamlined energy and carbon reporting disclosure (cont'd)

Methodology

Sensormatic Commercial/Industrial Limited is required to report its global and UK energy use and carbon emissions in accordance with the Companies (Directors' report) and limited liability partnerships (energy and carbon report) regulations 2018. The data detailed in these tables represent emissions and energy use for which the company is responsible. To calculate the emissions, fuel and electricity emissions are calculated based on invoice data and estimation. For significant energy users (industrial), energy invoices are used to calculate energy use. For office spaces, including leased spaces, an estimate utilizing floorspace and energy density are used to calculate fuel and electricity consumption. Vehicle fleet energy and emissions are calculated based on fuel spend reports. Emissions are calculated based on: greenhouse gas reporting conversion factors 2020; Department for Business, Energy & Industrial Strategy and Department for Environment Food & Rural Affairs and Global GHG Protocol Corporate Standard Methodology.

All emissions disclosed in the table above are disclosed using the location-based approach (i.e. without offset for renewables).

Energy efficiency

We are continuously seeking to improve operational efficiency. Johnson Controls group is committed to identifying and prioritising environmental elements arising from our business activities, products and services. The results of the energy assessments conducted in accordance with the Energy Savings Opportunity Scheme (ESOS) and internal energy hunts have been utilised to determine appropriate actions necessary to reduce the impact of our activities on the environment.

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires directors to have regard to, amongst other matters, the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

In discharging our section 172 duties, we have regard to the matters set out above. In addition, we also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include our relationship with our key stakeholders and society. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision making, we aim to make sure that our decisions are consistent and predictable.

Sensormatic Commercial/Industrial Limited

Strategic report (cont'd)

Section 172(1) Statement (cont'd)

Meetings are held periodically where the directors consider the Company's activities and make decisions. As a part of those meetings, the directors receive information in a range of different formats to ensure that they have regard to section 172 matters when making relevant decisions. The Company's key stakeholders are its workforce, customers, suppliers, the local communities in which it operates, regulators, Government agencies, and non-governmental organisations. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the Directors when making relevant decisions. The size and spread of both the Company's stakeholders and the company means that generally our stakeholder engagement takes place at an operational and JCI group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details of the engagement that takes place with the Group's stakeholders so as to encourage the directors to understand the issues to which they must have regard, please see pages 11 to 25 of the non-financial disclosure report 2021 within JCI Group's 2020 Annual Reporting which is publicly available on our website at [Annual Meeting Materials | Johnson Controls Inc.](#)

We set out below some examples of how we have had regard to the matters set out in section 172(1) (a)-(f) when discharging our section 172 duty and the effect of that on decisions taken by us:

The company ensured that it was following the various targets that JCI Group had fixed in terms of sustainable development, and the company was notably incentivised to do so via the implementation of sustainable development factors (such as vehicle fuel consumption reduction, waste management, health & safety; sustainability evaluation of suppliers) in the calculation of the annual bonuses.

Audits of ISO 14001 Environmental Management System and ISO 50001 Energy Management system were undertaken on JCI Group.

Our environmental and energy systems provide assurance to company management and employees, as well as external stakeholders, that our environmental impacts are being measured and improved upon. We have been able to retain these certifications, notably thanks to everyone's co-operation and support.

The JCI UK Board considered and agreed upon the implementation of mental health and well-being programmes. The Board's decision-making process included discussions in relation to protecting the mental health of its workforce.

On behalf of the Board



M Ayre
Director

Date: 29 June 2021

Sensormatic Commercial/Industrial Limited

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 30 September 2020.

Principal activities

The principal activities of the company are the sale of closed circuit television systems, theft detection systems, the wholesale distribution of security systems and allied equipment.

Going concern

The directors have received confirmation that the appropriate entity within the Johnson Controls group intends to support the company for at least one year after the financial statements are signed. The directors are therefore of the opinion that preparing the financial statements on the going concern basis is appropriate. Further details regarding the adoption of the going concern basis can be found in the accounting policies note in the financial statements (note 3)

Future developments and principal risks and uncertainties

The future developments and principal risks and uncertainties of the company are noted in the Strategic report.

Dividends

The directors do not recommend payment of a dividend (2019: nil).

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of credit risk, exchange rate risk, price risk and liquidity and interest rate risk.

Credit risk

The company's policy is that the credit-worthiness of any prospective client, contractor, subcontractor, vendor, joint venture partner or any entity engaging in an economic transaction with the company must be evaluated to ascertain whether it has the financial capacity to enter into and perform its obligations under such transactions. This process is undertaken to ensure from a financial standpoint that any third party has the financial stability and strength necessary to fulfil its commitments to the company. The extent of the credit evaluation must be commensurate with the level of risk associated with the inability of the counterparty to perform under the contract.

The company's policy is to use financial institutions authorised by Johnson Controls International plc who actively manage the global banking facilities. All cash held on deposit is pooled at a European level to mitigate risk.

Exchange rate risk

Potential exposure to currency exchange rate fluctuations is managed internally within the group treasury function. The group enter into forward exchange contracts on behalf of the company to the value of its future multicurrency cashflows. Consequently exchange rate risk is not significant.

Price risk

The directors recognise the price risk associated with the Building Technology Solutions business is subject to market forces and will impact the prices for product and project management services. To help minimise this risk, contract prices are set using case by case assessment of each project and for longer term agreements, pricing is reviewed annually if not more frequently.

Liquidity and interest rate risk

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

All group risk is closely managed by the corporate risk management team, which is controlled by the ultimate parent company Johnson Controls International plc.

Sensormatic Commercial/Industrial Limited

Directors' report (cont'd)

Environmental, health and safety matters

Johnson Controls International plc is a global market leader and therefore has adopted a uniform approach to managing Environmental, Health and Safety ("EHS") matters by following the principles and guidance contained in both international standards ISO 14001 and OHSAS 18001. All parts of the corporation are expected to demonstrate that the requirements of these two key standards are covered in their country based EHS management system.

The organisation has clear management and functional lines with detailed responsibilities at all levels, which ensure hazards and risks are properly identified and controlled through effective management processes and performance related objectives and targets.

Directors

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

A Houston	Appointed on 14 August 2020
P Ainsworth	Resigned on 9 January 2020
M Ayre	
A Gallagher	Appointed on 9 January 2020 and resigned on 14 August 2020

Directors' indemnities

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

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that financial year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Sensormatic Commercial/Industrial Limited

Directors' report (cont'd)

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next directors' Board Meeting.

On behalf of the Board



M Ayre
Director
Date: 29 June 2021



Independent auditors' report to the members of Sensormatic Commercial/Industrial Limited

Report on the audit of the financial statements

Opinion

In our opinion, Sensormatic Commercial/Industrial Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 30 September 2020; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for 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 to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 or error, and to issue an auditors' report that includes our opinion. 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 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 further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



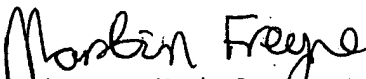
Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.


Martin Freyne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Cork
30 June 2021

Sensormatic Commercial/Industrial Limited

Statement of comprehensive income for the year ended 30 September 2020

	Note	2020 €'000	2019 €'000
Turnover	5	88,557	105,620
Cost of sales		(65,089)	(82,260)
Gross profit		23,468	23,360
Distribution costs		(3)	(2)
Administrative expenses		(20,378)	(28,586)
Operating profit/(loss)		3,087	(5,228)
Interest receivable and similar income	8	187	45
Interest payable and similar expenses	9	(2,213)	(1,785)
Profit/(loss) before taxation	6	1,061	(6,968)
Tax on profit/loss	10	(1)	(3)
Total comprehensive income/(expense) for the financial year		1,060	(6,971)

All amounts relate to continuing operations.

Sensormatic Commercial/Industrial Limited

Statement of financial position as at 30 September 2020

	Note	2020 €'000	2019 €'000
Fixed assets			
Tangible assets	11	-	-
		-	-
Current assets			
Debtors	12	44,972	70,465
Cash at bank and in hand		3,073	-
		48,045	70,465
Creditors – amounts falling due within one year	14	(47,583)	(92,371)
Net current liabilities		462	(21,906)
Total assets less current liabilities		462	(21,906)
Creditors – amounts falling due after more than one year	15	(21,308)	-
Net liabilities		(20,846)	(21,906)
Capital and reserves			
Called up share capital	16	-	-
Accumulated losses		(20,846)	(21,906)
Total shareholders' deficit		(20,846)	(21,906)

The notes on pages 14 to 21 are an integral part of these financial statements.

The financial statements on pages 11 to 21 were approved by the Board of directors on 29 June 2021 and were signed on its behalf by:



M Ayre
Director
Sensormatic Commercial/Industrial Limited
Registered Number 02709753

Sensormatic Commercial/Industrial Limited

Statement of changes in equity for the year ended 30 September 2020

	Called up share capital €'000	Accumulated losses €'000	Total equity €'000
Balance as at 1 October 2018	-	(14,935)	(14,935)
Loss for the financial year and total comprehensive expense	-	(6,971)	(6,971)
Balance as at 30 September 2019	-	(21,906)	(21,906)
Profit for the financial year and total comprehensive income	-	1,060	1,060
Balance as at 30 September 2020	-	(20,846)	(20,846)

Accumulated losses represents accumulated comprehensive expense for the year and prior periods.

Sensormatic Commercial/Industrial Limited

Notes to the financial statements for the year ended 30 September 2020

1 General information

Sensormatic Commercial/Industrial Limited ("the company") is a private company limited by shares, domiciled and incorporated in England, United Kingdom. The address of its registered office is Tyco Park, Grimshaw Lane, Newton Heath, Manchester, M40 2WL.

2 Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and in accordance with the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies, which have been applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of €20,846,000 which the directors believe to be appropriate for the following reason: the directors have received confirmation that the appropriate entity within the Johnson Controls group intends to support the company for at least one year after the financial statements are signed. The directors are therefore of the opinion that preparing the financial statements on the going concern basis is appropriate.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant in these financial statements are disclosed in note 4.

Reduced disclosures

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements on the basis that the information is provided in the consolidated financial statements of Johnson Controls International plc, which is registered in Cork, Ireland. Johnson Controls International plc prepares consolidated financial statements which are publicly available and can be obtained from the address given in note 17.

Section 4 'Statement of financial position'

Reconciliation of the opening and closing number of shares;

Section 7 'Statement of cash flows'

Presentation of a Statement of cash flow and related notes and disclosures;

Section 11 'Basic financial instruments' & section 12 'Other financial instrument issues'

Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in the Statement of comprehensive income;

Section 33 'Related party disclosures'

Paragraphs 33.7 and 33.1A, Disclosure of compensation for key management personnel and related party transactions.

Sensormatic Commercial/Industrial Limited

Notes to the financial statements for the year ended 30 September 2020 (cont'd)

3 Summary of significant accounting policies (cont'd)

Turnover

Turnover is stated net of VAT, rebates and trade discounts. In line with the contractual terms turnover from the sale of goods is recognised at the point of despatch, with exception to certain deliveries within Europe where the revenue is deferred until the appropriate date of delivery.

Functional and presentational currency

The directors consider euros to be the functional currency of the company. Accordingly these financial statements are presented in euros.

Foreign currencies

Trading transactions denominated in foreign currencies are translated into euros at the rate of exchange ruling when the transaction was entered into or where appropriate, at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities are translated into euros at the exchange rates ruling at the year-end date or, where appropriate, at the rate of exchange in related forward exchange contract. Exchange gains or losses are included in the Statement of comprehensive income in the period in which they arise.

Taxation

The tax charge represents the sum of the current tax charge and deferred tax charge.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date, unless it is not considered probable that deferred tax assets will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Tangible assets and depreciation

Tangible assets are stated at cost, which is the original purchase price plus incidental expenses, less accumulated depreciation.

Depreciation is calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful economic life, as follows:

Short leasehold buildings	11.11% per annum
Fixtures and fittings	11.11% per annum
Plant and machinery	11.11% - 25% per annum

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown in creditors due within one year.

Sensormatic Commercial/Industrial Limited

Notes to the financial statements for the year ended 30 September 2020 (cont'd)

3 Summary of significant accounting policies (cont'd)

Financial instruments

Financial assets

Basic financial assets, including debtors, cash and bank balances and loans to fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest rate method and are assessed annually for evidence of impairment. Any impairment loss or reversal of an impairment loss is recognised in the Statement of comprehensive income.

Financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Such debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classed as current liabilities if payment is due within one year or less.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

4 Critical accounting judgements and estimation uncertainty

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are addressed below.

Bad debt provision

The company makes an estimate of the recoverable value of trade and other debtors. When assessing this bad debt provision, the company takes into account the ageing profile of debtors, any changes to credit ratings of customers and historical experience. A bad debt provision of €480,264 was recognised in the current year (2019: €484,000). See note 12 for the net carrying amount of debtors.

Sensormatic Commercial/Industrial Limited

Notes to the financial statements for the year ended 30 September 2020 (cont'd)

5 Turnover

	2020	2019
Turnover by destination	€'000	€'000
Russia	3,169	3,810
Europe	66,312	76,279
Rest of the world (excluding Russia)	19,076	25,531
	88,557	105,620

All turnover is in relation to the company's main trade, the sale of closed circuit television systems, theft detection systems, the wholesale distribution of security systems and allied equipment.

6 Profit/(loss) before taxation

	2020	2019
	€'000	€'000
Profit/(loss) before taxation is stated after charging/(crediting)		
- auditors' remuneration for audit services	30	34
- foreign currency (gains)/losses	(1,864)	3,074

7 Directors and employees

The directors are remunerated by other fellow group undertakings in respect of services provided to a number of group companies as directors in both the current and preceding period. It is not possible to separately identify the emoluments attributable to services provided to each company. Accordingly, the financial statements include no emoluments in respect of any directors.

In 2020 the company incurred €2,384,000 of costs by way of recharges from group companies in respect of labour costs (2019: €1,278,000). The company has no direct employees. Increase in payroll recharge relating to increase in recharge from group.

8 Interest receivable and similar income

	2020	2019
	€'000	€'000
Bank interest receivable	187	45
	187	45

Sensormatic Commercial/Industrial Limited

Notes to the financial statements for the year ended 30 September 2020 (cont'd)

9 Interest payable and similar expense

	2020 €'000	2019 €'000
Bank interest payable	840	960
Interest payable to group undertakings	1,373	825
	2,213	1,785

10 Tax on profit/(loss)

	2020 €'000	2019 €'000
Current tax		
UK Corporation tax at 19% (2019: 19%)	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	2	3
Impact of change in corporation tax rate on timing differences	(1)	-
Total deferred tax (note 13)	1	3
Total tax on loss	1	3

Reconciliation of tax charge

The tax assessed for the financial year is higher (2019: higher) the standard rate of corporation tax in the United Kingdom of 19% (2019: 19%). The differences are explained below:

	2020 €'000	2019 €'000
Profit/(Loss) before taxation	1,061	(6,968)
Profit/(Loss) multiplied by standard rate of corporation tax in the UK of 19% (2019 19%)	202	(1,324)
Effects of:		
Group relief surrendered for nil consideration	(200)	1,327
Impact of change in corporation tax rate on timing differences	(1)	-
Total charge for the year	1	3

The rate of UK corporation tax is currently 19%. Finance Act 2016, which was substantively enacted on 6 September 2016, included changes to reduce the main rate to 17% from 1 April 2020. However on November 18, 2019, Prime Minister Boris Johnson announced plans to delay this reduction with the UK Government subsequently confirming that the rate had remained at 19%. This was subsequently enacted for UK GAAP purposes on 17 March 2020. In the Spring budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposed increase of the rate to 25% has not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Temporary differences at the Statement of financial position date have been measured using the enacted tax rates of 19% (2019: 17%) and reflected in these financial statements.

Sensormatic Commercial/Industrial Limited

Notes to the financial statements for the year ended 30 September 2020 (cont'd)

11 Tangible assets

	Short leasehold buildings	Plant and machinery	Fixtures and fittings	Total
	€'000	€'000	€'000	€'000
Cost				
At 1 October 2019 and at 30 September 2020	152	122	4	278
Accumulated depreciation				
At 1 October 2019 and at 30 September 2020	152	122	4	278
Net book value				
At 30 September 2020	-	-	-	-
At 30 September 2019	-	-	-	-

12 Debtors

	2020 €'000	2019 €'000
Trade debtors	23,339	28,821
Amounts owed by group undertakings	14,409	39,946
Taxation and social security	6,649	367
Prepayments	566	1,321
Deferred tax (note 13)	9	10
	44,972	70,465

Amounts owed by group undertakings include €13,870,000 (2019: €39,887,000) receivable under the UK cash-pooling arrangements which attracted €nil interest in the current period (2019: nil). All other amounts are unsecured, interest free and repayable on demand.

A bad debt provision of €480,264 was recognised in the current year (2019: €484,000).

Sensormatic Commercial/Industrial Limited

Notes to the financial statements for the year ended 30 September 2020 (cont'd)

13 Deferred tax

The deferred tax asset recognised consists of:

	2020 €'000	2019 €'000
Deferred tax asset brought forward	10	13
Deferred tax charged to the statement of comprehensive income	(1)	(3)
Total deferred tax asset carried forward	9	10

Analysis of deferred tax

	2020 €'000	2019 €'000
Fixed asset timing differences	9	10
Total	9	10

The potential deferred tax asset of €nil (2019: nil) has not been recognised on the basis that it is anticipated it will take some time for the tax losses to be relieved hence the recoverability is relatively uncertain.

14 Creditors – amounts falling due within one year

	2020 €'000	2019 €'000
Bank overdrafts	2,085	40,920
Trade creditors	423	165
Amounts owed to group undertakings	43,438	50,012
Other taxation and social security	-	-
Accruals	1,637	1,274
	47,583	92,371

The Johnson Controls International plc group has a cash pooling arrangement with Bank Mendes Gan ("BMG") which manages the funding requirement for EMEA group companies. BMG balances are unsecured, repayable on demand and interest rates are set and calculated daily for each currency. Overdraft rates are equal to credit rates plus 1.28% to 0.83%% margin. The bank overdrafts form part of this cash pooling arrangement.

In the prior year, the amounts owed to group undertakings included an unsecured term loan bearing interest at EURIBOR 3 months plus 6.58% of €13million which matured in March 2020. The loan was rolled-over and extended to March 2025 (see note 15).

All other amounts owed to group undertakings are unsecured, interest free and repayable on demand.

15 Creditors – amounts falling due after more than one year

	2020 €'000	2019 €'000
Amounts owed to group undertakings	21,308	-

The amounts owed to group undertakings relate to an unsecured term loan of \$25 million which is an equivalent of €21.307 million bearing interest at a fixed rate of 8.76% maturing in March 2025

Sensormatic Commercial/Industrial Limited

Notes to the financial statements for the year ended 30 September 2020 (cont'd)

16 Called up share capital

	2020	2019
Allotted and fully paid	€	€
2 (2019: 2) Ordinary shares of £1 each	2	2

17 Ultimate parent undertaking and controlling party

The immediate parent undertaking and controlling party during the financial year was Sensormatic BV, a company incorporated in the Netherlands.

The ultimate parent undertaking and controlling party is Johnson Controls International plc, a company incorporated in Cork, Ireland. Johnson Controls International plc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 30 September 2020. The consolidated financial statements of Johnson Controls International plc are available from:

Johnson Controls International plc
1 Albert Quay
Cork
Ireland