Emerson USD Finance Company Limited

Directors' report and financial statements

Registered number 07675387

For the year ended 30 September 2021

Contents

Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2021.

Principal activity

The principal activity of the company is to provide financing facilities to Emerson Electric Co. group undertakings by way of lending or otherwise financing the operations or undertakings of such entities. The company serves as one of two central treasury functions for non-US operating locations of Emerson Electric Co.

Business review

Interest receivable from group undertakings in respect of group borrowings amounted to US$20,003,000 (2020: US$34,240,000). Interest payable to group undertakings in respect of group borrowings amounted to US$1,785,000 (2020: US$23,900,000).

No key performance indicators are disclosed for this company as they are managed at the group level.

Events after the balance sheet date

In May 2022, Emerson Electric Co. completed the contribution of its industrial software business to AspenTech, taking a 55% interest in AspenTech. The impact on the company's balance sheet is not material and approximately US$21 million of net balances have left the company. The company continues to provide some cash pooling services to Emerson companies which were contributed to AspenTech.

Results and dividends

The company's results for the financial year are set out in the statement of comprehensive income on page 7.

The directors do not recommend the payment of a dividend (2020: US$Nil).

Directors

The directors who held office during the year and to the date of signing the financial statements, unless otherwise indicated, are as follows:

L Beutlich	
B Bundgaard-Antoine	
M Fernandez	(resigned 29 June 2021)
K Ma	(appointed 29 June 2021)
D Shaw	
J Thomasson	

Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in Section 232(2) of the Companies Act 2006 is in force for the benefit of each of the directors and the company secretary in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, a director and officers' liability insurance policy was maintained by the Emerson Electric Co. group throughout the financial year.

Going concern

The company is reliant upon support from its ultimate parent company, Emerson Electric Co., and a letter of support has been received. Further details in respect of going concern are disclosed in note 1 of the financial statements.

Risk factors related to the company's business and operations

Risk management is a high priority. Processes are designed to identify, mitigate and manage risk. The Board is ultimately responsible for risk management.

The principal risks and uncertainties facing the company are set out in note 10 of the financial statements.

Directors' report *(continued)*

Brexit risk

Following the UK's departure from the European Union (EU) on 31 January 2020, there was a transition period which ended on 31 December 2020, at which time the UK and EU signed the "Trade and Cooperation Agreement".

Through the Emerson Brexit Team, the directors will continue to monitor the impact of Brexit on the company and they are developing strategies to manage any impact.

COVID-19 risk

The Coronavirus pandemic continues to have a major impact across the global economy through inflation, more volatile asset prices, supply chain disruption and tightening in global financial market conditions. The immediate impact on the Emerson group has been on demand, although the group has seen a strong return for the year ended 30 September 2021. While the recovery seen during the year has been strong, the future remains uncertain. However, the group is well placed to respond quickly to market changes. Due to the uncertainty of the outcome of the current events, there is greater forecasting risk for the company over its financial position, results of operations or cash flows in the future. The directors will continue to monitor the impact of the Coronavirus on the activities of the company.

Disclosure of information to the auditor

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 themself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Small company exemption

The directors have taken advantage of the small company exemption provided by Section 414B of the Companies Act 2006 and have not prepared a strategic report.

By order of the Board

K Ma
Director

2nd Floor
Accurist House
44 Baker Street
London
W1U 7AL

13th September 2022

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including 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 year.

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 UK 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 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, 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.

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of Emerson USD Finance Company Limited

Opinion

We have audited the financial statements of Emerson USD Finance Company Limited ("the company") for the year ended 30 September 2021 which comprise the Statement of comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

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;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

Independent auditor's report to the members of Emerson USD Finance Company Limited *(continued)*

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the Emerson Electric Co. group policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This 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.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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 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 remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report 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 Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Emerson USD Finance Company Limited *(continued)*

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.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

This 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.

John Leech (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

13 September 2022

Statement of comprehensive income
for the year ended 30 September 2021

	Notes	2021 US$000	2020 US$000
Administrative expenses		**(391)**	(564)
Operating loss		**(391)**	(564)
Interest receivable and similar income	2	**20,579**	41,045
Interest payable and similar charges	3	**(1,817)**	(23,941)
Profit before taxation	4	**18,371**	16,540
Tax on profit	6	**(2,850)**	(1,640)
Profit for the financial year		**15,521**	14,900
Total comprehensive income for the financial year		**15,521**	14,900

The company's results are derived from continuing operations.

The notes on pages 10 to 18 are an integral part of these financial statements.

Balance sheet
as at 30 September 2021

	Notes	**2021 US$000**	2020 US$000
Current assets			
Debtors	*7*	**2,083,167**	2,300,325
Investments	*8*	**922,282**	619,619
Cash at bank and in hand		**825**	599
		3,006,274	2,920,543
Creditors: Amounts falling due within one year	*9*	**(2,736,173)**	(2,665,963)
Net assets		**270,101**	254,580
Capital and reserves			
Called up share capital	*11*	**-**	-
Capital contribution reserve		**200,000**	200,000
Profit and loss account		**70,101**	54,580
Shareholder's funds		**270,101**	254,580

The notes on pages 10 to 18 are an integral part of these financial statements.

These financial statements were approved by the board of directors on 13th September 2022 and were signed on its behalf by:

Bundgaard Antoine

B Bundgaard-Antoine
Director

Registered Number: 07675387

Statement of changes in equity
for the year ended 30 September 2021

	Called up share capital	Capital contribution reserve	Profit and loss account	Shareholder's funds
	US$000	**US$000**	**US$000**	**US$000**
Balance at 1 October 2019	-	200,000	39,680	239,680
Total comprehensive income for the financial year	-	-	14,900	14,900
Balance at 30 September 2020	**-**	**200,000**	**54,580**	**254,580**
Balance at 1 October 2020	-	200,000	54,580	254,580
Total comprehensive income for the financial year	-	-	15,521	15,521
Balance at 30 September 2021	**-**	**200,000**	**70,101**	**270,101**

The notes on pages 10 to 18 are an integral part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Emerson USD Finance Company Limited (the "company") is a private company limited by shares and incorporated, domiciled and registered in England. The registered number is 07675387 and the registered address is 2nd Floor, Accurist House, 44 Baker Street, London, W1U 7AL.

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 US dollars. All amounts in the financial statements have been rounded to the nearest US$1,000.

The company's ultimate parent company, Emerson Electric Co., includes the company in its consolidated financial statements. The consolidated financial statements of Emerson Electric Co. are available to the public and may be obtained from the address shown in note 13. 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:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash flow statement and related notes; and
- Key management personnel compensation.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 14.

1.1 Measurement convention

The financial statements are prepared on the going concern basis under the historical cost convention.

1.2 Going concern

The company has net current assets of US$270,101,000 as at 30 September 2021 and made a profit for the year then ended of US$15,521,000. The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is part of a wider group business model by which Emerson Electric Co. group companies at times provide and receive services from each other and as needed use group funding and cash pool arrangements.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. The forecasts indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its ultimate parent company, Emerson Electric Co., to meet its liabilities as they fall due for that period. Downside scenarios included a reduction in sales.

Those forecasts are dependant on Emerson Electric Co. providing additional financial support during that period. Emerson Electric Co. has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts currently due to the group, which at 30 September 2021 amounted to US$2,732,779,000 for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, as they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Foreign currencies

The financial statements are prepared in US dollars, the presentational and functional currency of the company.

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.

Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

1.4 Interest receivable and interest payable

Interest receivable and similar income includes interest receivable on loans to group undertakings and interest receivable on bank deposits.

Interest payable and similar charges includes interest payable on loans from group undertakings and interest payable on bank overdrafts.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method.

1.5 Taxation

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

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. 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 is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.6 Basic financial instruments

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings include amounts owed to / by fellow group companies, loans to / from the immediate parent company and loans to / from fellow group companies.

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest rate method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents includes deposits held with banks, short-term liquid investments and bank overdrafts.

Short term liquid investments are shown within current asset investments.

Bank overdrafts are shown within current liabilities.

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Impairment

Financial assets

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.

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.

1.8 Distributions to equity holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

1.9 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.

2 Interest receivable and similar income

	2021	2020
	US$000	US$000
Interest receivable on loans to fellow group undertakings	**20,003**	34,240
Other interest receivable	**576**	6,805
	20,579	41,045

3 Interest payable and similar charges

	2021	2020
	US$000	US$000
Interest payable on loans from fellow group undertakings	**1,785**	23,900
Other interest payable	**32**	41
	1,817	23,941

Notes *(continued)*

4 Profit before taxation

	2021	2020
	US$000	US$000
Profit before taxation is stated after charging:		
Auditor's remuneration		
- Audit of the company's financial statements	**11**	14

5 Directors' emoluments and employee information

The directors received or waived no remuneration from the company in respect of qualifying services during the year or the previous year.

The company employed no staff during the year or the previous year.

6 Tax on profit

	2021	2020
	US$000	US$000
Current tax		
UK tax on income for the year	**3,490**	3,143
Adjustments in respect of prior years	**(640)**	(1,503)
	2,850	1,640

Factors affecting the tax charge for the current year

The tax assessed for the year is lower (2020: lower) than the effective rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
	US$000	US$000
Profit before taxation	**18,371**	16,540
Current tax at 19% (2020: 19%)	**3,490**	3,143
Effects of:		
Adjustments in respect of prior years	**(640)**	(1,503)
Total tax charge	**2,850**	1,640

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted by the Finance Bill 2021 (on 24 May 2021). These included an increase in the corporation tax rate from 19% to 25% from 1 April 2023.

Deferred tax balances have been remeasured accordingly where appropriate.

Notes *(continued)*

7 Debtors

	2021 US$000	2020 US$000
Amounts owed by fellow group companies	**111,716**	103,960
Loans to fellow group companies	**1,971,167**	2,196,160
Corporation tax receivable	**284**	178
VAT receivable	**-**	2
Prepayments and accrued income	**-**	25
	2,083,167	2,300,325

The amounts owed by fellow group companies is from the group cash pooling arrangement, which is repayable upon demand with 1 month's notice and interest is applied as the USD overnight LIBOR plus 25 basis points subject to a minimum rate of 5 basis points.

At 30 September 2021, the balance on the loans to fellow group companies was US$1,971,167,000 (principal: US$1,970,333,000; accrued interest: US$834,000) (2020: US$2,196,160,000 (principal: US$2,195,114,000; accrued interest: US$1,046,000)). Interest is charged at 3 month USD LIBOR plus 1% and all the loans are repayable on demand.

All interest-bearing borrowings are financial assets measured at amortised cost.

8 Current asset investments

	2021 US$000	2020 US$000
Short term liquid investments	**922,282**	619,619

The credit risk associated with short term liquid investments is considered to be low.

Short term liquid investments are financial assets measured at amortised cost.

9 Creditors: Amounts falling due within one year

	2021 US$000	2020 US$000
Bank overdraft	**3,197**	4,752
Amounts owed to fellow group companies	**555,374**	512,019
Loans from fellow group companies	**2,177,405**	2,148,944
Other creditors	**32**	11
Accruals and deferred income	**165**	237
	2,736,173	2,665,963

The amounts owed to fellow group companies is from the group cash pooling arrangement, which is repayable upon demand with 1 month's notice and interest is applied as the USD overnight LIBOR minus 25 basis points subject to a minimum rate of 5 basis points.

Notes *(continued)*

9 Creditors: Amounts falling due within one year *(continued)*

At 30 September 2021, the balance on the loans from fellow group companies was US$2,177,405,000 (principal: US$2,177,341,000; accrued interest: US$64,000) (2020: US$2,148,944,000 (principal: US$2,148,787,000; accrued interest: US$157,000)). Interest is charged at 3 month USD LIBOR less 0.15% and all loans are repayable on demand.

All interest-bearing borrowings and bank overdrafts are financial liabilities measured at amortised cost.

10 Financial risk management

The company's activities expose it to various types of risk that are associated with the financial instruments and markets in which it operates. The most important types of financial risk to which the company is exposed are interest rate risk, credit risk, liquidity risk and operational risk.

The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the company are set out below.

i) Interest rate risk

The main risk arising from the company's financial instruments is interest rate risk. The company monitors the level of borrowings and related finance income / (costs) recognising that interest rates are subject to fluctuations.

Interest-bearing financial assets and interest-bearing financial liabilities mature or re-price in the short term, no longer than 12 months. As a result, the company is subjected to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash of the company is invested in liquidity funds.

Cash and cash equivalents are classified as a non-interest-bearing financial asset. However, interest could be applied at the discretion of the banks.

The directors note that by the end of 2021, various LIBOR and IBOR interest rates will no longer be available. There is a process in place to identify suitable alternative rates and a plan for their implementation.

At 30 September 2021	**Floating rate US$000**	**Non-interest US$000**	**Total US$000**
Assets			
Amounts owed by fellow group companies	111,716	-	**111,716**
Loans to fellow group companies	1,971,167	-	**1,971,167**
Corporation tax receivable	-	284	**284**
Short term liquid investments	922,282	-	**922,282**
Cash at bank and in hand	-	825	**825**
	3,005,165	**1,109**	**3,006,274**
Liabilities			
Bank overdraft	3,197	-	**3,197**
Amounts owed to fellow group companies	555,374	-	**555,374**
Loans from fellow group companies	2,177,405	-	**2,177,405**
Other creditors	-	32	**32**
Accruals and deferred income	-	165	**165**
	2,735,976	**197**	**2,736,173**

Notes *(continued)*

10 Financial risk management *(continued)*

i) Interest rate risk (continued)

At 30 September 2020	Floating rate US$000	Non-interest US$000	Total US$000
Assets			
Amounts owed by fellow group companies	103,960	-	103,960
Loans to fellow group companies	2,196,160	-	2,196,160
Corporation tax receivable	-	178	178
VAT receivable	-	2	2
Prepayments and accrued income	-	25	25
Short term liquid investments	619,619	-	619,619
Cash at bank and in hand	-	599	599
	2,919,739	804	2,920,543
Liabilities			
Bank overdraft	4,752	-	4,752
Amounts owed to fellow group companies	512,019	-	512,019
Loans from fellow group companies	2,148,944	-	2,148,944
Other creditors	-	11	11
Accruals and deferred income	-	237	237
	2,665,715	248	2,665,963

ii) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the company. The board of directors have a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date.

At 30 September 2021, the company's financial assets exposed to credit risk were as follows:

	2021 US$000	2020 US$000
Amounts owed by fellow group companies	**111,716**	103,960
Loans to fellow group companies	**1,971,167**	2,196,160
Short term liquid investments	**922,282**	619,619
Cash at bank and in hand	**825**	599
	3,005,990	2,920,338

The bankruptcy or insolvency of the banks holding the company's cash and short term liquid investments may cause the company's rights with respect to the cash to be delayed or limited.

Notes *(continued)*

10 Financial risk management *(continued)*

iii) Liquidity risk

Liquidity risk is the risk that the company will encounter in realising assets or otherwise raising funds to meet commitments.

The table below represents the cash flows payable by the company under non-derivative financial liabilities held for managing liquidity risk by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are contractual undiscounted cash flows, whereas the company manages the inherent liquidity risk based on expected undiscounted cash inflows, not resulting in a significantly different analysis.

At 30 September 2021	**Less than 1 year US$000**	**1 – 5 years US$000**	**Total US$000**
Liabilities			
Bank overdraft	**3,197**	-	**3,197**
Amounts owed to fellow group companies	**555,374**	-	**555,374**
Loans from fellow group companies	**2,177,405**	-	**2,177,405**
Other creditors	**32**	-	**32**
Accruals and deferred income	**165**	-	**165**
Total liabilities (contractual maturity dates)	**2,736,173**	-	**2,736,173**

At 30 September 2020	Less than 1 year US$000	1 – 5 years US$000	Total US$000
Liabilities			
Bank overdraft	4,752	-	4,752
Amounts owed to fellow group companies	512,019	-	512,019
Loans from fellow group companies	2,148,944	-	2,148,944
Other creditors	11	-	11
Accruals and deferred income	237	-	237
Total liabilities (contractual maturity dates)	2,665,963	-	2,665,963

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash at bank and in hand, short term liquid investments and loans to fellow group companies.

iv) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's process, personnel and infrastructure, and from external factors other than interest rate, credit and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.

11 Called up share capital

	2021 US$	2020 US$
Allotted, called up and unpaid		
100 ordinary shares of US$1 each	**100**	100

Notes *(continued)*

12 Related party transactions

At 30 September 2021, the balance on the loans from fellow group companies included US$16,848,000 (principal: US$16,848,000; accrued interest: US$Nil) (2020: US$16,840,000 (principal: US$16,839,000; accrued interest: US$1,000)) received from New Providence Mutual Limited, a mutual company of which the Emerson Electric Co. group is a member.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Emerson Electric Co. group.

13 Immediate parent company and ultimate parent company

The company's immediate parent company is Emerson International Holding Company Limited, a company incorporated in England.

The company's ultimate parent company and controlling party is Emerson Electric Co., a company incorporated in the United States of America.

Copies of the annual financial statements of the ultimate parent company are available from Emerson Electric Co., 8000 West Florissant Avenue, PO Box 4100, St Louis, Missouri 63136, United States of America.

14 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies

At 30 September 2021, the company did not make any critical judgements in applying its accounting policies.

(b) Critical accounting estimates and assumptions

There are no estimates and assumptions made by the company concerning the future that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

15 Events after the balance sheet date

In May 2022, Emerson Electric Co. completed the contribution of its industrial software business to AspenTech, taking a 55% interest in AspenTech. The impact on the company's balance sheet is not material and approximately US$21 million of net balances have left the company. The company continues to provide some cash pooling services to Emerson companies which were contributed to AspenTech.

In September 2022, the company paid a dividend to Emerson International Holding Company Limited, the immediate parent, of US$70,000,000.