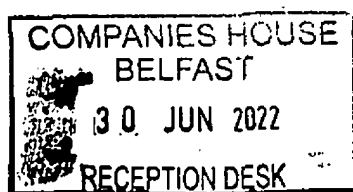


Copeland Limited

Directors' report and financial statements

Year ended 30 September 2021

Company registration number: NI030547



Copeland Limited

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Copeland Limited

Directors and other information

Directors	Sandro Matic (Appointed 1st May 2022) Torsten Keller-Carnap John McAfee (resigned 30th August 2021) Jean Janssen (resigned 1st May 2022)
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	Ballyreagh Industrial Estate Sandholes Road Cookstown County Tyrone BT80 9DG
Company registration number	NI 030547

Copeland Limited

Strategic Report

The directors present their strategic report for the year ended 30 September 2021.

Principal activities and business review

The principal activity of the company during the year was the manufacture and sale of compressors. The profit for the year after tax amounted to £1,831,575 (2020: £2,308,971). A dividend of £nil (2020: £nil) was paid or declared during the year. Details of the results for the year are set out in the profit and loss account on page 15 and the related notes.

The directors are committed to the long term creation of shareholder value by increasing production efficiencies in the manufacturing of existing models and the introduction of the production of new, state-of-the-art models. This strategy, combined with the achievement of further improvements in buying, inventory management, and overhead cost reductions, has resulted in the satisfactory results reported for 2021 despite the market sector remaining highly competitive. While the incoming year is likely to continue to be very challenging, early results are satisfactory and the directors expect a year of good progress.

Principal risks and uncertainties

The company's operations expose it to a variety of financial risks that include the worldwide demand for its products, commodity prices and competition from countries where production costs are considerably lower. The company has in place management programmes that seek to limit the adverse effects of these on the financial performance of the company.

Price risk

As already stated, the company is exposed to rising worldwide commodity prices. This risk is managed by the company's ongoing emphasis on cost reduction.

Foreign exchange risk

All sales are inter-company. The company maintains its books of account and invoices sister companies in sterling. Raw materials purchases are in sterling, dollars and euros. The company prepares monthly management accounts in euros using exchange rates set by the parent company. Variances caused by exchange movements are monitored on a monthly basis.

Key performance indicators

The company's key performance indicators are as follows:

	2021	2020	2019	2018	2017
Units produced	346,306	320,529	323,118	284,789	259,300
Sales turnover	63,119,713	57,829,152	58,971,507	50,194,726	46,769,660
Operating profit	3,335,966	2,472,234	2,485,394	2,479,091	2,540,743
Numbers employed	264	257	249	225	207

These key performance indicators are constantly monitored by the directors to ensure the efficient and profitable operation of the company which is directly linked to the group's overall strategy.

Copeland Limited

Strategic Report *(continued)*

Environment

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The company is committed to achieving the highest practicable standards in health and safety management and strives to make the site and offices safe environments for employees and customers alike.

Human resources

Copeland Limited's most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the company has invested increasingly in employment training and development and has introduced appropriate incentive and career progression arrangements.

Employment policies

- (i) The company consults and discusses with employees' representatives on matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins.
- (ii) The policy of the company for the employment of disabled persons is to provide equal opportunities with other employees, having regard to the maintenance of a safe working environment and the constraints of their disabilities.
- (iii) The company subscribes to the principles of the Fair Employment Commission.

S172 Statement

In all their decisions taken in relation to the company, the directors have acted in a way they consider is most likely to promote the success of the company for the benefit of its shareholders. In doing so, the directors have considered the likely consequences of their decisions in the long term, the interests of the company's employees, the need for the company to foster its business relationships with suppliers, customers and others, the impact of its operations on the community and the environment and the desirability of maintaining its reputation for high standards of conduct (particularly as an indirect subsidiary of a New York Stock Exchange-listed company). Whilst day-to-day operational decisions are delegated to management teams, the company has established reporting lines to the board of the company, which has ultimate responsibility for strategic decisions which will have long-term impact. The directors meet regularly throughout the year and reporting of relevant information within the company to the board is considered optimal for making such decisions.

The directors have engaged with employees and taken account of their interests as they have always done, acting in accordance with their fiduciary duties. At the same time, the directors seek feedback from employees via a number of methods informal and formal and including employee opinion surveys and specific surveys relating to particular subjects. The results are discussed with the senior management and action plans put in place. In particular, this year there has been health concerns regarding Covid-19. The Health & Safety Manager has had discussions with the Health and Safety Executive to discuss health concerns and preventative measures. The COVID plant Risk Assessment form part of these discussions. These findings are communicated to the directors. All necessary action plans are put in place to ensure appropriate care of employees was taken.

Copeland Limited

Strategic Report *(continued)*

S172 Statement *(continued)*

The directors have engaged with suppliers, customers and others in a business relationship with the company in the usual way via feedback mechanisms. The board has endeavored to meet all customer and supplier expectations and, where disagreements arose, has endeavored to solve these in an amicable manner.

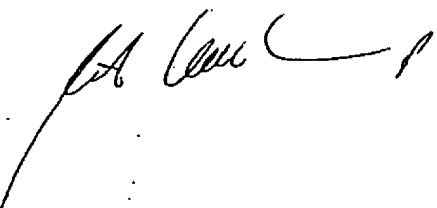
The board recognise that the environmental impact of the company's operations is an important consideration and as such, they promote green behaviours including using electric and/or hybrid vehicles, installing charging points and utilising environmentally friendly equipment where possible. The Cookstown plant is ISO 14001 certified. ISO 14001 is an internationally agreed standard that sets out the requirements for an environmental management system.

The board always wishes to maintain the company's strong reputation and to ensure that decisions are made with a high standard of business conduct in mind. Integrity and ethics are key elements of business behavior and the board recognises that the culture and values of the company are fundamental contributors to the overall success of the company in the long term. The board wishes to set high standards by its conduct and procedures that will permeate throughout the organisation and be maintained at all levels by colleagues and their interactions with stakeholders.

Future outlook

The directors intend to maintain the objectives and aims of the company, which have resulted in a consistent attainment in the company's operations over the previous years. While the incoming year is likely to continue to be very challenging, early results are satisfactory and the directors expect a year of good progress and as such are of the opinion that the company's success will continue in the year to 30 September 2022.

By order of the board



Torsten Keller-Carnap
Director

29 June 2022

Copeland Limited

Directors' report

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

Proposed dividend

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

Directors

The directors who held office during the year were as follows:

Sandro Matic (Appointed 1st May 2022)

Torsten Keller-Carnap

Jean Janssen (resigned 1st May 2022)

John McAfee (resigned 30th August 2021)

In accordance with the Articles of Association, the directors are not required to retire by rotation.

Engagement with employees

It is the company's policy that employees are kept fully informed about progress through a process of regular briefings. These briefings provide the employees with all information on matters of concern to them, consulting them or their representatives regularly, so that their view can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in achieving the company's objectives. The company operate a range of recognition awards to employees who demonstrate a commitment to its' goals and vision.

The company is committed to employment policies, which follow best practice based on equal opportunities for all employees, irrespective of sex, race, colour, disability, or marital status. The company gives full and fair consideration to applications for employment by disabled persons, having regard to their particular aptitudes and abilities. Every effort is made to ensure that the training and career development of disabled persons is identical to that of all other employees.

Engagement with Suppliers, Customers, and other business relationships

Customers

The company and the Emerson Group maintain a close relationship with their customers and seek to maintain high levels of reliability and service excellence. As part of this process, there is a high level of collaboration with customers to help develop new products and solutions for their service needs and to help resolve issues. The level of continued performance illustrates how focused the team are on achieving high levels of customer satisfaction. The need to strengthen customer relationships is recognised by the directors to ensure further successful collaboration in the future.

Suppliers

The Company's supply chain plays a pivotal role in their operational activities. The company engages with suppliers to ensure all products and services are provided in a timely manner and are of the highest quality. Supplier visits are carried out on a regular basis to help ensure high standards are maintained. The directors recognise the importance of fully engaging with all members of the supply chain to ensure all potential challenges are managed effectively.

Community

The Company's social committee raise money for a nominated charity each year. Special events are organised to help promote the chosen charity and raise funds for their cause. The HR department regularly visit schools and colleges in the local area, which has increased the profile of the company locally and led to individuals joining the Company.

Copeland Limited

Directors' report *(continued)*

Political contributions

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

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 continue to support Copeland Limited as necessary.

The directors have considered the extent to which 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, that 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

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

Subsequent Events

At the date the Board of Directors approved the entity's 2021 financial statements, the entity's management is not aware of any significant post balance sheet events affecting the Company.

Streamline Energy and Carbon Reporting

The Group qualifies as large for the purposes of reporting emissions under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The table below sets out our emissions in the current and previous reporting period, years ended 30 September 2021 and 30 September 2020:

	2021		2020	
Emissions from Scope 1:	Amounts in units	Tonnes of CO₂e	Amounts in units	Tonnes of CO₂e
Oil Consumption	165,490 litres	450.82	179,108 litres	487.92
Owned Transport	12,560 litres	19.53	8,255 litres	12.84
Total Scope 1		470.35		500.76
Emissions from Scope 2:				
Electricity Consumption	9,091,726 Kwh	1,930.45	8,736,199 Kwh	1,854.96
Total Scope 2		1,930.45		1,854.96
Total emissions		2,400.80		2,355.72

Copeland Limited

Directors' report *(continued)*

Quantification and reporting methodology

We have followed the 2021 Government Gas reporting factors and Government's Guidance on how to measure and report greenhouse gas emissions.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per unit produced. for the current reporting period this is 0.0069 (2020: 0.0074).

Measures taken to improve energy efficiency

Copeland Limited is certified to ISO 50001:2018 Energy Management System and are audited by an external organisation twice per year. The Energy Management System (EnMS) Manual outlines the energy Organisation Boundary. Copeland Limited is committed to establishing, documenting, implementing, maintaining, and improving the EnMS.

The Electricity used by Copeland Limited from Electric Ireland, has been verified as being sourced from 100% renewable electricity generation by Captured Carbon.

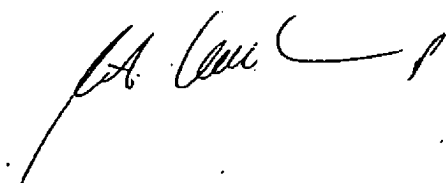
Other information

An indication of likely future developments in the business have been included in the strategic report on pages 4 to 6.

Auditor

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

By order of the board



Torsten Keller-Carnap
Director

29 June 2022

Copeland Limited

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

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

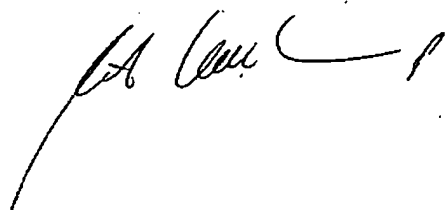
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 its profit or loss 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 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 know 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.

By order of the board



Torsten 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 Copeland Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Copeland 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 Copeland 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 Copeland 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 strategic report and 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 or the strategic 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.

We have nothing to report in these respects.



Independent auditor's report to the members of Copeland 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 10, 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.

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

Copeland Limited

Profit and Loss Account and Other Comprehensive Income

for year ended 30 September 2021.

	<i>Note</i>	2021 £	2020 £
Turnover	2	63,119,713	57,829,152
Cost of sales		(59,783,747)	(55,356,918)
Operating profit		3,335,966	2,472,234
Net interest receivable / (payable)	3	3,233	(4,234)
Profit before taxation		3,339,199	2,468,000
Tax on profit	7	(1,507,624)	(159,029)
Profit and total comprehensive income for the financial year		1,831,575	2,308,971

All amounts relate to continuing operations.

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.

The notes on pages 18 to 30 form part of these financial statements.

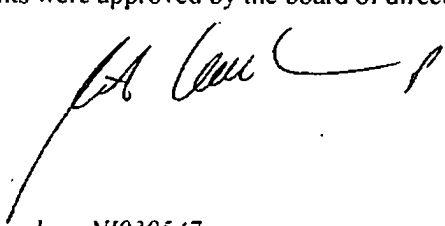
Copeland Limited

Balance Sheet

as at 30 September 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	8		24,986,154		23,796,366
Current assets					
Stocks	9	5,732,132		5,013,448	
Debtors	10	16,504,749		12,232,669	
Cash at bank and in hand		212		238	
			<u>22,237,093</u>	<u>17,246,355</u>	
Creditors: amounts falling due within one year	11	(13,572,709)		(10,463,936)	
			<u>8,664,384</u>	<u>6,782,419</u>	
Net current assets					
			<u>33,650,538</u>	<u>30,578,785</u>	
Total assets less current liabilities					
Provisions for liabilities					
Deferred tax liability	12	(2,738,237)		(1,441,250)	
Deferred income	13	(1,166,987)		(1,223,796)	
			<u>(3,905,224)</u>	<u>(2,665,046)</u>	
Net assets			<u>29,745,314</u>	<u>27,913,739</u>	
Capital and reserves					
Called up share capital	14	3,000,000		3,000,000	
Profit and loss account		26,745,314		24,913,739	
			<u>29,745,314</u>	<u>27,913,739</u>	
Shareholder's funds					
			<u>29,745,314</u>	<u>27,913,739</u>	

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: NI030547

The notes on pages 18 to 30 form part of these financial statements.

Copeland Limited

Statement of Changes in Equity

for year ended 30 September 2021

	Share capital £	Profit and loss account £	Total equity £
Balance at 1 October 2019	3,000,000	22,604,768	25,604,768
Total comprehensive income for the year			
Profit for the year	-	2,308,971	2,308,971
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	2,308,971	2,308,971
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2020	3,000,000	24,913,739	27,913,739
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Share capital £	Profit and loss account £	Total equity £
Balance at 1 October 2020	3,000,000	24,913,739	27,913,739
Total comprehensive income for the year			
Profit for the year	-	1,831,575	1,831,575
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	1,831,575	1,831,575
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2021	3,000,000	26,745,314	29,745,314
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 18 to 30 form part of these financial statements.

Copeland Limited

Notes

(forming part of the financial statements)

1 Accounting policies

Copeland Limited (the "company") is a private company limited by shares and incorporated, domiciled and registered in Northern Ireland, in the UK. The registered number is NI030547 and the registered address is Ballyreagh Industrial Estate, Sandholes Road, Cookstown, Co Tyrone, BT80 9DG.

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.

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 19. 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 years presented in these financial statements.

The preparation of the financial statements requires management to make judgements, 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 judgments that have a significant risk of causing a material adjustment to the carrying amounts in the period in which the estimates are revised and in any future periods affected.

Measurement convention

The financial statements are prepared on the historical cost basis.

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 continue to support Copeland Limited as necessary.

Copeland Limited

Notes (continued)

1 Accounting policies (continued)

Going concern (continued)

The directors have considered the extent to which 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, that 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.

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.

Copeland Limited

Notes (continued)

1 Accounting policies (continued)

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, for example land is treated separately from buildings.

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 (including those leased under a finance lease) 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. Land is not depreciated. The estimated useful lives are as follows:

- | | |
|----------------------------------|------------|
| • Buildings | 45 years |
| • Production plant and equipment | 12 years |
| • Other plant and equipment | 3-10 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.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in years in which the related costs are incurred.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Copeland Limited

Notes (continued)

1 Accounting policies (continued)

Impairment excluding stocks and deferred tax assets

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.

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.

Turnover

Turnover represents the invoiced value of goods supplied during the financial year excluding value added tax and is net of sales returns, trade discounts and rebates. Turnover is recognised when, and to the extent that, the company obtains the right to consideration in exchange for its performance, which principally is upon shipment of goods.

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.

Net interest receivable/ payable

Interest payable and receivable are amounts payable and receivable to/from group undertakings.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Copeland 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 £	2020 £
<i>By geographical market</i>		
Europe	63,073,266	57,797,222
USA	46,447	30,379
Asia	-	1,551
	<hr/>	<hr/>
	63,119,713	57,829,152
	<hr/>	<hr/>

The principal activity of the business is the manufacture of compressors.

Copeland Limited

Notes (continued)

3 Net interest receivable / (payable)

	2021	2020
	£	£
<i>Interest receivable and similar income</i>		
Receivable from group undertakings	3,717	3,454
<i>Interest payable and similar charges</i>		
Payable to group undertakings	-	(7,545)
Bank Interest	(484)	(143)
	<hr/>	<hr/>
Net interest (receivable)/payable	3,233	(4,234)
	<hr/>	<hr/>

4 Expenses and auditor's remuneration

Included in profit are the following:

	2021	2020
	£	£
Auditor's remuneration	28,125	28,125
Depreciation of tangible fixed assets	2,753,345	2,340,638
Loss on disposal of fixed assets	-	444
Capital grant release	(56,809)	(56,804)
Hire of other assets – operating leases	77,290	53,210
	<hr/>	<hr/>

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:

	Number of employees	
	2021	2020
Production	264	257
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£	£
Wages and salaries	7,770,298	7,100,800
Social security costs	696,194	627,007
Contributions to defined contribution pension plans	389,049	378,721
	<hr/>	<hr/>
	8,855,541	8,106,528
	<hr/>	<hr/>

Copeland Limited

Notes (continued)

6 Directors' remuneration

	2021 £	2020 £
Directors' remuneration	115,383	127,325
Company contributions to money purchase pension plans	5,365	5,762
	<u>120,748</u>	<u>133,087</u>

7 Taxation

Analysis of charge/(credit) in the year

	2021 £	2020 £
Current tax		
Current tax on income for the year	496,715	358,235
Group relief receivable at nil consideration	(260,871)	(434,968)
Adjustments in respect of prior periods	(25,207)	(81,910)
	<u>210,637</u>	<u>(158,643)</u>
Deferred tax		
Origination and reversal of temporary differences	333,141	124,216
Adjustments in respect of prior periods	303,716	193,456
Change in tax rate	660,130	-
	<u>1,296,987</u>	<u>317,672</u>
Total current expense	<u>1,296,987</u>	<u>317,672</u>
Total tax charge/(credit) on profit on ordinary activities	<u>1,507,624</u>	<u>159,029</u>

Copeland Limited

Notes (continued)

7 Taxation (continued)

	2021 £	2020 £
Reconciliation of tax charge/(credit)		
Profit for the year	1,831,575	2,308,971
Total tax charge/(credit)	1,507,624	159,029
	<hr/>	<hr/>
Profit on ordinary activities before taxation	3,339,199	2,468,000
Tax using the UK corporation tax rate of 19% (2019: 19%)	634,448	468,920
Non-taxable income net of non-deductible expenses	(137,733)	13,531
Group relief receivable at nil consideration	(260,871)	(434,968)
Adjustments in respect of prior periods	278,509	111,546
Change in tax rate	660,130	-
Origination and reversal of temporary differences	333,141	-
	<hr/>	<hr/>
Total tax charge/(credit) included in profit or loss	1,507,624	159,029
	<hr/>	<hr/>

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.

Copeland Limited

Notes (continued)

8 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Under construction £	Total £
Cost				
Balance at 1 October 2020	7,974,841	35,495,937	2,685,582	46,156,360
Additions	-	-	3,943,133	3,943,133
Disposals	-	-	-	-
Transfers	50,828	2,623,563	(2,674,391)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2021	8,025,669	38,119,500	3,954,324	50,099,493
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment				
Balance at 1 October 2020	3,091,555	19,268,439	-	22,359,994
Depreciation charge for the year	172,619	2,580,726	-	2,753,345
Depreciation on disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2021	3,264,174	21,849,165	-	25,113,339
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 1 October 2020	4,883,286	16,227,498	2,685,582	23,796,366
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2021	4,761,495	16,270,335	3,954,324	24,986,154
	<hr/>	<hr/>	<hr/>	<hr/>

Copeland Limited

Notes (continued)

9 Stocks

	2021 £	2020 £
Raw materials	4,151,814	2,954,040
Work in progress	720,862	629,741
Finished goods	427,267	937,265
Stock in transit	432,189	492,402
	<u>5,732,132</u>	<u>5,013,448</u>

Raw materials, consumables and changes in finished goods and work-in-progress recognised as cost of sales in the year amounted to £42,115,711 (2020: £40,636,132). The write-down of stocks to net realisable value during the year amounted to £nil (2020: £nil).

The directors are of the opinion that the replacement cost of stock is not significantly different from its carrying value in the balance sheet.

In addition to the stocks recorded in the balance sheet, the company held approximately £1,361,659 of consignment stock at 30 September 2021 (2020: £1,261,881) which is not recorded on the balance sheet. The principal terms of the consignment agreements, which can generally be terminated by either side, are such that the company can return stock to the relevant suppliers without financial or commercial penalties and the supplier can vary stock prices.

10 Debtors

	2021 £	2020 £
Amounts owed by group undertakings	15,487,901	10,346,366
Prepayments and other debtors	660,591	1,319,409
Corporation Tax	356,257	566,894
	<u>16,504,749</u>	<u>12,232,669</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 £9,109,641 (2020: £7,711,881) which is interest-bearing at 0.05% and repayable on demand.

Copeland Limited

Notes (continued)

11 Creditors: amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	939,715	393
Trade creditors	7,784,044	5,937,767
Amount owed to group undertakings	2,106,672	1,953,434
Accruals	2,742,278	2,572,342
	<u>13,572,709</u>	<u>10,463,936</u>

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

12 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £
Accelerated capital allowances	-	-	2,740,215	1,447,402	2,740,215	1,447,402
Short term timing differences	(1,978)	(6,152)	-	-	(1,978)	(6,152)
	<u>(1,978)</u>	<u>(6,152)</u>	<u>2,740,215</u>	<u>1,447,402</u>	<u>2,738,237</u>	<u>1,441,250</u>
Tax (assets) / liabilities	(1,978)	(6,152)	2,740,215	1,447,402	2,738,237	1,441,250
	<u>(1,978)</u>	<u>(6,152)</u>	<u>2,740,215</u>	<u>1,447,402</u>	<u>2,738,237</u>	<u>1,441,250</u>
Net deferred tax liabilities					2,738,237	1,441,250

13 Deferred income

	Capital Grant £	Total £
Balance at 1 October 2020	1,223,796	1,223,796
Released during year	(56,809)	(56,809)
	<u>1,166,987</u>	<u>1,166,987</u>
Balance at 30 September 2021	1,166,987	1,166,987

Copeland Limited

Notes (continued)

14 Capital and reserves

Share capital

	2021 £	2020 £
<i>Allotted, called up and fully paid</i>		
3,000,000 ordinary shares of £1 each	3,000,000	3,000,000
	<hr/>	<hr/>
Shares classified in shareholders' funds	3,000,000	3,000,000
	<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.

15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2021 £	2020 £
Less than one year	132,151	121,237
Between one and five years	249,084	381,235
More than five years	-	-
	<hr/>	<hr/>
	381,235	502,472
	<hr/>	<hr/>

During the year £77,290 (2020: £53,210) was recognised as an expense in the profit and loss account in respect of operating leases.

16 Employee benefits

Defined contribution plans

The company's pension costs for the year in respect of the defined contribution section of the plan amounted to £389,049 (2020: £378,721). The contributions outstanding at the year-end amounted to £52,743 (2020: £53,076).

17 Commitments

Capital commitments

The company had contractual commitments to purchase tangible fixed assets at the year-end amounting to £2,010,004 (2020: £1,118,363).

Off-balance sheet arrangements

In addition to the stocks recorded in the balance sheet, the company held approximately £1,361,659 of consignment stock at 30 September 2021 (2020: £1,261,881) which is not recorded on the balance sheet. The principal terms of the consignment agreements, which can generally be terminated by either side, are such that the company can return stock to the relevant suppliers without financial or commercial penalties and the supplier can vary stock prices.

Copeland Limited

Notes *(continued)*

18 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.

19 Ultimate parent company and parent company of larger group

The immediate parent undertaking is Emerson Holding Company Limited a company registered in England and Wales.

The intermediate parent undertaking is Digital Appliance Controls (UK) Limited, registered in England and Wales.

The ultimate parent undertaking is Emerson Electric Company incorporated in the USA; the consolidated financial statements of the group are publicly available and can be obtained from Emerson Electric Co, 800 W. Forissant Avenue, St Louis, Missouri, USA.