

Registered Number: 1804419

Sabroe Limited
Annual report and financial statements
for the year ended 30 September 2017



Sabroe Limited

Annual report and financial statements for the year ended 30 September 2017

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Strategic report for the year ended 30 September 2017

The directors present their strategic report on the company for the year ended 30 September 2017

Results

The results for the financial year and the financial position of the company are shown in the accompanying financial statements. The profit for the financial year ended 30 September 2017 was £82.6 million (2016: profit of £83.1 million).

At the year end the company had net current assets totalling £799.3 million (2016: net current assets of £716.8 million) due to amounts owed by group undertakings. Of the amounts owed by group undertakings, £767.1 million are due in more than one year (2016: £767.1 million).

Review of business and future developments

The activities of the company continue to be those of a finance company. The company will continue to engage in financing activity for the foreseeable future.

Key performance indicators

The finance activities of the company are managed as part of the global investment strategy of the Johnson Controls International plc group and the company's directors are of the opinion that analysis using KPIs is not necessary or appropriate for an understanding of the development, performance or position of the business.

Principal risk and uncertainties

The principal risks and uncertainties of the company relate to the performance of its fellow subsidiary companies to which it provides finance. The directors have assessed this risk to be minimal due to group policy which requires risk management and operational policies and procedures to be implemented in all areas of business.

On behalf of the Board



M Ayre
Director
Date: 31 July 2018

Sabroe Limited

Directors' report for the year ended 30 September 2017

The directors present their report and the audited financial statements of the company for the year ended 30 September 2017.

Future developments

The future developments of the company are noted in the strategic report.

Dividends

During the year, the company paid a dividend in specie by transferring 1 share in Johnson Controls Neige SAS to Johnson Controls International SA/NV with a fair market value of £4. In 2016, dividends totalling £78.0 million were paid in the year.

Financial risk management

Credit risk

The company is not exposed to any credit risk other than in respect of inter-company balances within the Johnson Controls International plc group. The company does not have an external customer base. The company uses financial institutions authorised by Johnson Controls International plc who actively manage the global banking facilities. All cash held on deposit is pooled at a European level to mitigate risk.

Exchange rate risk

Potential exposure to currency exchange rate fluctuations is managed internally within the group. The only risk the company is exposed to is in relation to their investments in foreign companies and the companies' values fluctuating with changing exchange rates.

Price risk

The directors do not consider that the company's operations expose it to any price risk.

Liquidity and interest rate risk

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

Directors

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

M Ayre

P Schieser

appointed 18 May 2017

P Roubi

resigned 1 May 2017

Directors' indemnities

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

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Directors' report for the year ended 30 September 2017 (cont'd)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent auditors

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

On behalf of the Board



M Ayre
Director
Date: 31 July 2018

Sabroe Limited

Independent auditors' report to the members of Sabroe Limited

Report on the audit of the financial statements

Opinion

In our opinion, Sabroe Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 30 September 2017; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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Independent auditors' report to the members of Sabroe Limited (cont'd)

Reporting on other information (cont'd)

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 September 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

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Independent auditors' report to the members of Sabroe Limited (cont'd)

Responsibilities for the financial statements and the audit (cont'd)

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Michael Coffin (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
31 July 2018

Sabroe Limited

Statement of comprehensive income for the year ended 30 September 2017

	Note	2017 £'000	2016 £'000
Administrative expenses		(5)	(9)
Operating loss		(5)	(9)
Interest receivable and similar income	4	83,876	83,261
Interest payable and similar expenses	5	(1,300)	(166)
Profit before taxation	6	82,571	83,086
Tax on profit	8	-	-
Profit for the financial year		82,571	83,086
Total comprehensive income for the year		82,571	83,086

All results derive from continuing operations.

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Statement of financial position as at 30 September 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Investments	10	-	-
Current assets			
Debtors (including £767.1 million (2016: £767.1 million) due after more than one year)	11	799,351	795,861
		799,351	795,861
Creditors – amounts falling due within one year	12	(5)	(79,086)
Net current assets		799,346	716,775
Total assets less current liabilities		799,346	716,775
Capital and reserves			
Called up share capital	13	550,480	550,480
Capital redemption reserve		145,300	145,300
Retained earnings		103,566	20,995
Total equity		799,346	716,775

The notes on pages 10 to 15 form an integral part of these financial statements.

The financial statements on pages 7 to 15 were approved by the Board of directors on 31 July 2018 and were signed on its behalf by:



Mark Ayre
Director
 Sabroe Limited
 Registered number: 1804419

Sabroe Limited

Statement of changes in equity for the year ended 30 September 2017

	Called up share capital £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 October 2015	550,480	145,300	15,909	711,689
Profit for the financial year	-	-	83,086	83,086
Dividends paid (note 9)	-	-	(78,000)	(78,000)
Balance as at 1 October 2016	550,480	145,300	20,995	716,775
Profit for the financial year	-	-	82,571	82,571
Balance as at 30 September 2017	550,480	145,300	103,566	799,346

Retained earnings represents accumulated comprehensive income for the year and prior years.

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Notes to the financial statements for the year ended 30 September 2017

1 General information

Sabroe Limited ("the company") is a private company limited by shares, domiciled and incorporated in England. The address of the company's registered office is 9/10 The Briars, Waterberry Drive, Waterlooville, Hampshire PO7 7YH, UK.

The company's principal activities are that of a finance company.

2 Statement of compliance

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

3 Summary of significant accounting policies

The principal accounting policies, which have been applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has applied FRS 102 in these financial statements.

Basis of preparation

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant in these financial statements.

Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements on the basis that the information is provided in the consolidated financial statements of Johnson Controls International plc, which is registered in Cork, Ireland. Johnson Controls International plc prepares consolidated financial statements which are publicly available and can be obtained from the address given in note 14.

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in the statement of comprehensive income.

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Notes to the financial statements for the year ended 30 September 2017 (cont'd)

3 Summary of significant accounting policies (cont'd)

Functional and presentational currency

The company's functional and presentational currency is the pound sterling.

Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Taxation

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

Current tax

Current tax is the amount of income tax payable in respect of the taxable profits for the year at the standard effective rate of corporation tax in the UK.

Deferred tax

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Investments

Investments are stated at cost plus incidental expenses less provisions for impairment in value. The company reviews the carrying value of investments when there has been an indication of potential impairment. If it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the statement of comprehensive income.

The calculations for determining the carrying value of investments involves the use of estimates including projected future cash flows and other future events.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand. Bank overdrafts, when applicable, are shown within current liabilities.

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Notes to the financial statements for the year ended 30 September 2017 (cont'd)

3 Summary of significant accounting policies (cont'd)

Financial instruments

Financial assets

Basic financial assets, including amounts owed by fellow group undertakings, other receivables and cash and bank balances are initially measured at the transaction price. Where the arrangement with another debtor constitutes a financing transaction, the debtor is initially measured at the present value of future receipts discounted at a market rate of interest for a similar debt instrument.

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

Financial liabilities

Basic financial liabilities, including trade and other payables, bank overdrafts and loans from fellow group undertakings, are initially recognised at transaction price. Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument. Other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Such debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Related party transactions

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

4 Interest receivable and similar income

	2017 £'000	2016 £'000
Interest receivable from group undertakings	83,872	83,250
Bank interest receivable	4	11
	83,876	83,261

5 Interest payable and similar expenses

	2017 £'000	2016 £'000
Interest payable to group undertakings	57	36
Bank interest payable	1,243	130
	1,300	166

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Notes to the financial statements for the year ended 30 September 2017 (cont'd)

6 Profit before taxation

	2017 £'000	2016 £'000
Profit before taxation is stated after charging:		
Auditors' remuneration for audit services	5	9

7 Directors and employees

The directors received no remuneration (2016: £nil) in respect of their services to the company during the year as their services as directors of the company were incidental to the other services within the Johnson Controls International plc group of companies. Directors' remuneration costs are borne by other members of the Johnson Controls International plc group of companies. The average monthly number of employees (excluding directors) was nil (2016: nil).

8 Tax on profit

There is no tax charge for the current or prior financial year.

Reconciliation of tax charge

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the United Kingdom of 19.5% for the year ended 30 September 2017 (2016: 20%). The differences are explained below:

	2017 £'000	2016 £'000
Profit before taxation	82,571	83,086
Profit multiplied by standard rate of corporation tax of 19.5% (2016: 20%)	16,101	16,617
Effects of:		
Group relief received for nil consideration	(16,101)	(16,617)
Total tax charge for the year	-	-

Finance Act 2015 (No 2) was substantively enacted on the 26 October 2015 and reduced the main rate of corporation tax in the UK to 19% from 1 April 2017 and to 18% from 1 April 2020. Finance Act 2016 was substantively enacted on 6 September 2016 and reduced the main rate of corporate tax in the UK to 17% with effect from 1 April 2020.

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Notes to the financial statements for the year ended 30 September 2017 (cont'd)

9 Dividends paid

	2017 £'000	2016 £'000
Ordinary interim dividend	-	49,301
Preferred interim dividend	-	28,699
	-	78,000

On 27 September 2017, the company transferred its entire shareholding (one share) in Johnson Controls Neige SAS for fair market value of £4 via dividend in specie as detailed in note 10. In the prior year, the company issued dividends of £0.1417 per £1 Ordinary share and £1 Preferred share.

10 Investments

Shares in associate undertakings	£'000
Cost and net book value	
At 1 October 2016 and 30 September 2017	-

On 13 April 2017, the company purchased one share in Johnson Controls Neige SAS for €4, and subsequently transferred this share to Johnson Controls International SA/NV via a dividend in specie with a fair market value of £4.

11 Debtors

	2017 £'000	2016 £'000
Amounts owed by group undertakings	799,351	795,861

Amounts owed by group undertakings include six loans totalling £767.1 million (2016: £767.1 million) which bear the following interest rates and maturity dates:

Loan value	Interest rate	Maturity date
£20.0 million (2016: £20.0 million)	8.94% (2016: 8.94%)	Feb 2019 (2016: Feb 2019)
£7.9 million (2016: £7.9 million)	6.18% (2016: 6.18%)	Jul 2020 (2016: Jul 2020)
£386.8 million (2016: £386.8 million)	11.17% (2016: 11.17%)	Apr 2021 (2016: Apr 2021)
£308.9 million (2016: £308.9 million)	11.02% (2016: 11.02%)	Jul 2021 (2016: Jul 2021)
£33.5 million (2016: £33.5 million)	9.95% (2016: 9.95%)	Feb 2023 (2016: Feb 2023)
£10.0 million (2016: £10.0 million)	10.16% (2016: 10.16%)	Apr 2024 (2016: Apr 2024)

The remaining balance is in relation to amounts transferred to group undertakings under a zero balance pooled bank agreement with Barclays Bank Plc in which interest may arise at +1.45% above bank rate. Each member of the pooled bank group is jointly and severally liable to the bank for overdrawn balances within the pool, the net position of which was £796,000 overdrawn at 30 September 2017.

Interest receivable on the loans is detailed in note 4.

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Notes to the financial statements for the year ended 30 September 2017 (cont'd)

12 Creditors – amounts falling due within one year

	2017 £'000	2016 £'000
Amounts owed to group undertakings	-	79,077
Accruals and deferred income	5	9
	5	79,086

Amounts owed to group undertakings are in relation to group cash pooling arrangements as detailed in note 11 above.

13 Called up share capital

	2017 £'000	2016 £'000
Authorised, allotted and fully paid		
347,940,374 (2016: 347,940,374) ordinary shares of £1 each	347,940	347,940
202,540,374 (2016: 202,540,374) preference shares of £1 each	202,540	202,540
	550,480	550,480

Voting Rights: The holders of the ordinary shares and preferred ordinary shares shall be entitled to voting rights at meetings.

Dividend Rights: The holders of the preferred ordinary shares shall be entitled to a dividend in priority to the ordinary shareholders at a preferred rate declared by the directors.

Rights to participate in a return of assets: Assets shall first be distributed to the holders of the preferred shares.

14 Ultimate parent undertaking and controlling party

The immediate parent undertaking and controlling party is Johnson Controls International SA/NV.

The ultimate parent undertaking and controlling party is Johnson Controls International plc, a company incorporated in Cork, Ireland.

Johnson Controls International plc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 30 September 2017. The consolidated financial statements of Johnson Controls International plc are available from:

Johnson Controls International plc
1 Albert Quay
Cork
Ireland