

Registered Number 02709753

Sensormatic Commercial/Industrial Limited
Annual report and financial statements
for the year ended 30 September 2021



Sensormatic Commercial/Industrial Limited

Annual report and financial statements for the year ended 30 September 2021

Contents	Page
Strategic report	1
Directors' report	7
Independent auditor's report to the members of Sensormatic Commercial/Industrial Limited	10
Statement of comprehensive income	13
Statement of financial position	14
Statement of changes in equity	15
Notes to the financial statements	16

Sensormatic Commercial/Industrial Limited

Strategic report

The directors present their Strategic report on the company for the year ended 30 September 2021.

Principal activities of business

Sensormatic Commercial/Industrial Limited operates as part of Johnson Controls International plc's (JCI) Building Technologies & Solutions division in Europe, Middle East and Africa division.

The principal activity of the company is the sale of closed circuit television and access control systems, theft detection systems and fire detection products, the wholesale distribution of security systems and system integrations together with their allied equipment. The total company's sales are shipped from the central european distribution centre which is operated by a legal entity within the group and then the sales and the cost of sales are recharged to the company.

Business review

The results for the financial year of the company are shown in the accompanying statement of comprehensive income on page 12. This shows the company's sales increased by €5.6 million to €94.2 million in 2021 (2020: €88.6 million), driven by an increase in economic activity following the Covid 19 pandemic and therefore an increase in demand for the company's products. Operating profit increased by €1.2 million to an operating profit of €4.2 million (2020: operating profit of €3.1 million). The gross margin remains similar to the prior year so the operating profit increase is attributable exclusively to the sales increase.

Profit before tax increased by €1.3 million to €2.4 million (2020: €1.1 million). This is due to the increase in operating profit, mentioned in the previous paragraph, and partially of the interest payable decrease as a result of a reduction in the usage of bank overdraft facilities.

The Statement of financial position shows that the net liabilities of the company decreased by €2.4 million in the year which is directly attributable to the total profit of the year. At the year end, net liabilities were €18.5 million (2020: €20.8 million).

JCI manages its business on a divisional basis. For this reason the directors of the company do not believe that further key performance indicators are necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Europe, Middle East and Africa division, which includes the company, is discussed in the Johnson Controls International plc's 2021 Annual report, which does not form part of this report.

Future developments

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

Business environment and strategy

The market continues to be highly competitive in all areas of operation of the company. The company will continue to focus on key account management of its customers, enabling it to retain contracts and secure additional project work. The company will also continue to use its knowledge, products, expertise and solutions to expand its installation base. Customer service is key to the success of the business and the company has continued to invest significantly in this area with the goal of ensuring the highest level of service possible. The company also benefits from research and development conducted primarily in other JCI companies.

Sensormatic Commercial/Industrial Limited

Strategic report(Cont'd)

Key performance indicators

The company's key performance indicators during the year were:

	2021	2020
Turnover	£94.2m	£88.6m
Gross profit percentage	26.2%	26.5%
Operating profit	£4.2m	£3.1m
Total deficit	(£18.5m)	(£20.8m)

Principal risks and uncertainties

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

The company requires risk management and operational policies and procedures to be implemented in all areas of the business. Furthermore, there is a robust supervision structure which allows management to account for the delivery of the company's contracts and to oversee relationships with its key stakeholders.

The directors consider cybersecurity threats and incidents range from individual attempts to gain unauthorised access to IT systems to advanced persistent threats, directed at the company, our products, customers and/or third party service providers. The potential consequences of a material cybersecurity incident include financial loss, reputational damage, litigation with third parties, theft of intellectual property, fines levied by the authority, diminution in the value of investment in research and development and increased protection and remediation costs. This could adversely affect competitiveness and results of operations of the business.

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

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

The highest priority action put in place by the group as a whole is to improve energy efficiency in buildings and vehicles which represent the fastest, cleanest and most cost-effective way to reduce greenhouse gas emissions. Our products and services involve promoting energy efficiency and fire and security in buildings; and helping our customers find ways to improve their energy consumption. This encourages consumer behaviour changes to better appreciate the benefits of such products and services. In addition the company continues to support a variety of market-based approaches to regulating carbon emission.

Sensormatic Commercial/Industrial Limited

Strategic report(Cont'd)

Principal risks and uncertainties(cont'd)

Following the coronavirus situation, throughout the pandemic we worked on identifying any potential risks, defined and implemented risk mitigation plans, and determined a safe and sustainable return to normal operations.

The directors do not foresee any substantial impact on business operations from the ongoing conflict between Russia and Ukraine. However they will continue to monitor the situation and take appropriate action if required.

In the normal course of business, the company is subject to various legal proceedings and claims, including product and general liability matters, environmental matters, patent infringement claims, employment disputes, disputes on agreements and other commercial disputes.

In an attempt to reduce this risk, the company's alarm monitoring agreements and other contracts contain provisions limiting the company's liability in such circumstances. Furthermore, the company has insurance arrangements with its ultimate parent entity in order to limit the liability payable by the company.

Streamlined energy and carbon reporting

Global energy consumption and greenhouse gas emissions for the period from 1 October 2020 to 30 September 2021 is as follows:

	Current reporting year 2020-2021	Previous reporting year 2019-2020
	UK and Offshore	UK and Offshore
Energy consumption used to calculate emissions: /kWh	0	3,542
Emissions from combustion of gas tCO ₂ e (Scope 1)	0	0
Emissions from combustion of fuel for transport purposes (Scope 1)	0	0
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	**	**
Emissions from purchased electricity (Scope 2, location-based)	0	0
Total gross CO ₂ e based on above	0	1
Intensity ratio: tCO ₂ e gross figure based from mandatory fields above	0.00	0.00

**Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing fuel are minimal (Scope 3).

Sensormatic Commercial/Industrial Limited

Strategic report(Cont'd)

Methodology

Sensormatic Commercial/Industrial Limited

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

Energy efficiency

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

To further reflect this mindset, in January 2021, we announced ambitious new sustainability commitments that outline our priority to make positive changes in reducing our company's environmental footprint. Building on our history of sustainability leadership, we committed to achieving net zero carbon emissions before 2040 and announced science-based targets for 2030. We set a goal to double our customers' emission reductions through implementation of our OpenBlue digitally enabled solutions. And we are elevating sustainability as a key performance metric for preferred suppliers while also launching a supplier cohort training initiative to cut supplier emissions. Last year, we launched our OpenBlue digital platform for optimizing building sustainability that will be central to fulfilling these goals.

Since October 2020 electric vehicles (EV) have been offered to employees as a choice alongside internal combustion engine (ICE) vehicles throughout our company car scheme in the UK and the 6 other most EV ready countries in Europe. The policy was revised to incorporate EV's, advising drivers to consider their journey profiles and consider their home charging capabilities prior to deciding to take an EV as a company vehicle, with the range of manufacturers to choose from increased for EV's ensuring a wider choice for our drivers. The personal benefit in kind taxation benefits in the UK if taking an EV over an ICE car are considerable which when coupled with our policy changes have seen an EV take up rate of over 50% for renewal orders since October.

Section 172(1) Statement

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

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

In discharging our section 172 duties, we have regard to the matters set out above. In addition, we also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include our relationship with our key stakeholders and society. By considering the company's

Sensormatic Commercial/Industrial Limited

Strategic report(Cont'd)

Section 172(1) Statement(cont'd)

purpose, vision and values together with its strategic priorities and having a process in place for decision making, we aim to make sure that our decisions are consistent and predictable.

Meetings are held periodically where the directors consider the company's activities and make decisions. As a part of those meetings, the directors receive information in a range of different formats to ensure that they have regard to section 172 matters when making relevant decisions.

The company's key stakeholders are its workforce, customers, suppliers, the local communities in which it operates, regulators, Government agencies, and non-governmental organisations. The views of and the impact of the company's activities on those stakeholders are an important consideration for the directors when making relevant decisions. The size and spread of both the company's stakeholders and the company means that generally our stakeholder engagement takes place at an operational and JCI group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details of the engagement that takes place with the Group's stakeholders so as to encourage the directors to understand the issues to which they must have regard, please see pages 10 to 18 of the non-financial disclosure report 2021 within JCI Group's 2021 Annual Reporting which is publicly available on our website at Annual Meeting Materials | Johnson Controls Inc.

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

- The company ensured that it was following the various targets that JCI Group had fixed in terms of sustainable development, and the company was notably incentivised to do so via the implementation of sustainable development factors (such as vehicle fuel consumption reduction, waste management, health & safety, sustainability evaluation of suppliers) in the calculation of the annual bonuses.
- Audits of ISO 14001 Environmental Management System and ISO 50001 Energy Management system were undertaken on JCI Group.
- Our environmental and energy systems provide assurance to company management and employees, as well as external stakeholders, that our environmental impacts are being measured and improved upon. We have been able to retain these certifications, notably thanks to everyone's co-operation and support.
- The Sensormatic Commercial/Industrial Limited board considered and agreed upon the implementation of mental health and well-being programmes. The Board's decision-making process included discussions in relation to protecting the mental health of its workforce and reducing absence rates. The Board concluded that ongoing investment in the workforce would help deliver long-term success to the company.
- Health and safety is critical to our success as a company. We are committed to a safe and healthy work environment for our employees, our customers and contractors, our visitors, and our communities. We launched a multi-part campaign to promote our vision of Zero Harm to people and the environment. We recognize that our leaders, employees, customers, and communities expect us to work safely and protect the environment. Our Zero Harm vision includes specific pillars around employee safety, health and wellness, and the environment. One example of action implementing this vision is our Distracted Driving Policy, which prohibits all employees and contractors from using any mobile device when driving while on company business. In 2020, in response to the COVID-19, we created additional Zero Harm processes, tools, and solutions to support our employees and sites through the pandemic.

Sensormatic Commercial/Industrial Limited

Strategic report(Cont'd)



On behalf of the board

M Ayre

Director

Date: 30 June 2022

Sensormatic Commercial/Industrial Limited

Directors' report

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

Future developments

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

Post balance sheet events

In February 2022, as a result of the ongoing conflict between Russia and Ukraine, the company announced that it will not receive new contracts in Russia business as a result of the sanctions put in place from US to Russia (see note 17).

Dividends

The directors do not recommend payment of a dividend (2020: nil).

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of €18,488,000 which the directors believe to be appropriate for the following reason: the directors have received confirmation that the appropriate entity within the Johnson Controls group intends to support the company for at least one year after the financial statements are signed.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, exchange rate risk, price risk, liquidity risk and interest rate risk. The company does not use derivative financial instruments.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the Statement of financial position are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

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

Exchange rate risk

Potential exposure to currency exchange rate fluctuations is managed internally within the Group treasury function. The Group enters into forward exchange contracts on behalf of the company to the value of its future multi currency cash flows. Consequently exchange rate risk is not significant.

Price risk

The directors recognise the price risk associated with the Building Technologies & Solutions business is subject to market forces and will impact the prices for product and project management services. To help minimise this risk, prices for large contracts are set on a contract by contract basis. Prices on multi-year contracts are reviewed on an annual basis where possible.

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 interest rate risk is largely managed as there is no external funding requirement at year end.

Sensormatic Commercial/Industrial Limited

Directors' report(Cont'd)

Liquidity and interest rate risk(cont'd)

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

Environmental, health and safety matters

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

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

The company is required to have a streamlined energy and carbon report noted in strategic report.

Directors

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

M Ayre

A Houston

Engagement with suppliers, customers and others in a business relationship with the company

The directors have regard to the need to foster the company's business relationship with suppliers, customers and others, and the effect of that regard, including on principal decisions taken by the company during the financial year.

Please refer to the company's Section 172(1) statement in the Strategic report.

Directors' indemnities

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

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 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).

Sensormatic Commercial/Industrial Limited

Directors' report(Cont'd)

Statement of directors' responsibilities (cont'd)

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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

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

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

Independent auditors

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

On behalf of the Board



M Ayre

Director

Date:30 June 2022



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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 30 September 2021 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 2021;
 - the statement of comprehensive income for the year then ended;
 - 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

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 when the financial statements are authorised for issue.

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.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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, 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to;

- laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, including United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006 and taxation legislation; and
- those laws and regulations which do not have a direct effect on the determination of material amounts and disclosures in the financial statements but 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. We identified the following areas as those most likely to have such an effect: health and safety, data protection, employment law and certain aspects of company legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.



And we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates, transactions outside the normal course of business, and the posting of fraudulent journal entries. Audit procedures performed included:

- consideration of fraud risk as part of our audit planning process;
- identification of potential risk factors through consideration of the company's business strategies and risks. This includes meetings with management as well as the those charged with governance regarding their perspectives on fraud and compliance with applicable laws and regulations;
- consideration of the overall control environment and the processes and controls in place in the company, including procedures to achieve compliance with relevant laws and regulations;
- responding to the risk identified by designing appropriate audit procedures;
- maintaining professional scepticism throughout the audit;
- implementing specific procedures to address risks associated with the management override of controls, including close examination of journal entries and other adjustments, accounting estimates, identifying indicators of possible management bias and significant unusual transactions; and
- incorporating unpredictability into our audit process;

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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.

Barry O'Halloran (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Cork, Ireland
30 June 2022

Sensormatic Commercial/Industrial Limited

Statement of comprehensive income for the year ended 30 September 2021

	Note	2021 €'000	2020 €'000
Turnover	5	94,206	88,557
Cost of sales		(69,534)	(65,089)
Gross profit		24,672	23,468
Distribution costs		—	(3)
Administrative expenses		(20,428)	(20,378)
Operating profit	6	4,244	3,087
Interest receivable and similar income	7	2	187
Interest payable and similar expenses	8	(1,890)	(2,213)
Profit before taxation		2,356	1,061
Tax on profit	9	2	(1)
Profit for the financial year		2,358	1,060

All amounts relate to continuing operations.

Sensormatic Commercial/Industrial Limited

Statement of financial position as at 30 September 2021

	Note	2021 €'000	2020 €'000
Fixed assets			
Tangible assets	11	—	—
Current assets			
Debtors - amount falling due within one year	12	30,398	44,972
Cash at bank and in hand		777	3,073
		31,175	48,045
Creditors - amounts falling due within one year	13	(28,120)	(47,583)
Net current assets		3,055	462
Total assets less current liabilities		3,055	462
Creditors - amount falling due after more than one year	14	(21,543)	(21,308)
Net liabilities		(18,488)	(20,846)
Capital and reserves			
Called up share capital	16	—	—
Accumulated losses		(18,488)	(20,846)
Total deficit		(18,488)	(20,846)

The notes on pages 15 to 24 are an integral part of these financial statements.

The financial statements on pages 12 to 24 were approved by the Board of directors on x30 June 2022 and were signed on its behalf by:


 M Ayre
 Director
 Sensormatic Commercial/Industrial Limited
 Registered Number 02709753

Sensormatic Commercial/Industrial Limited

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

	Called up share capital	Accumulated losses	Total deficit
Note	€'000	€'000	€'000
Balance as at 1 October 2019	—	(21,906)	(21,906)
Profit for the financial year and total comprehensive income	—	1,060	1,060
Balance as at 30 September 2020	—	(20,846)	(20,846)
Profit for the financial year and total comprehensive income	—	2,358	2,358
Balance as at 30 September 2021	—	(18,488)	(18,488)

Accumulated losses represents accumulated comprehensive expense for the current and prior financial years.

Sensormatic Commercial/Industrial Limited

Notes to the financial statements for the year ended 30 September 2021

1 General information

Sensormatic Commercial/Industrial Limited is a private company limited by shares, domiciled and incorporated in the United Kingdom under the Companies Act 2006. The address of its registered office is Tyco Park, Grimshaw Lane, Newton Heath, Manchester England, M40 2WL.

2 Statement of compliance

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

3 Summary of significant accounting policies

The principal accounting policies, which have been applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both the years/periods 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant in these financial statements are disclosed in note 4.

Reduced disclosures

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements on the basis that the information is provided in the consolidated financial statements of Johnson Controls International plc, which is registered in Cork Ireland. Johnson Controls International plc prepares consolidated financial statements which are publicly available and can be obtained from the address given in note 18.

Section 4 'Statement of Financial Position'

Reconciliation of the opening and closing number of shares;

Section 7 'Statement of Cash Flows'

Presentation of a Statement of Cash Flow and related notes and disclosures;

Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues'

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

Section 33 'Related Party Disclosures'

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

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of €18,488,000 which the directors believe to be appropriate for the following reason: the directors have received confirmation that the appropriate entity within the Johnson Controls group intends to support the

Sensormatic Commercial/Industrial Limited

Notes to the financial statements for the year ended 30 September 2021 (cont'd)

3 Summary of significant accounting policies(cont'd)

Going concern(cont'd)

company for at least one year after the financial statements are signed. The directors are therefore of the opinion that preparing the financial statements on the going concern basis is appropriate.

Functional and presentational currency

The company's functional and presentational currency is the Euro because the majority of its' economic flows are in euros.

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.

Revenue recognition

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

Taxation

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

Current tax

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

Deferred tax

Taxable profits differ from comprehensive income in that, it excludes items of income or expense that are taxable or deductible in other periods. Tax deferred or accelerated as a result of timing differences between the treatment of certain items for taxation and for accounting purposes is provided in full with certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured at rates that are expected to apply in the periods which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the date of the statement of financial position. Deferred tax is measured on an undiscounted basis.

Tangible assets and depreciation

Tangible assets are stated at cost, which is the original purchase price plus incidental expenses, less accumulated depreciation. Depreciation is calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful economic life, as follows:

Sensormatic Commercial/Industrial Limited

Notes to the financial statements for the year ended 30 September 2021 (cont'd)

3 Summary of significant accounting policies(cont'd)

Tangible assets and depreciation(cont'd)

Asset class	Amortisation method and rate
Fixtures and fittings	straight-line 11% per annum
Plant and machinery	straight-line 11%to 25% per annum
Short leasehold land and buildings	straight-line 11% per annum

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Cash and cash equivalents

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

Financial instruments

Financial assets

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

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

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, the control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

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

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

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

Sensormatic Commercial/Industrial Limited

Notes to the financial statements for the year ended 30 September 2021 (cont'd)

3 Summary of significant accounting policies(cont'd)

Interest receivable and similar income

Interest income is recognised in the period to which it relates regardless of when it is received.

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.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4 Critical accounting judgements and estimation uncertainty

Critical accounting estimates and assumptions

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

Bad debt provision

The company makes an estimate of the recoverable value of trade and other debtors. When assessing this bad debt provision, the company takes into account the ageing profile of debtors, any changes to credit ratings of customers and historical experience. A bad debt provision of €332,121 was recognised in the current year (2020: €480,264). See note 12 for the net carrying amount of debtors.

5 Turnover

	2021	2020
Turnover by destination	€'000	€'000
Europe	71,876	66,312
Russia	3,114	3,169
Rest of world (excluding Russia)	19,216	19,076
	94,206	88,557

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

Sensormatic Commercial/Industrial Limited

Notes to the financial statements for the year ended 30 September 2021 (cont'd)

6 Operating profit

	2021	2020
	€'000	€'000
Operating profit is stated after charging/(crediting)		
Auditors remuneration - for audit services	52	30
Impairment (reversal) / charge of trade receivables	(34)	48
Foreign exchange gain	(1,036)	(1,864)

7 Interest receivable and similar income

	2021	2020
	€'000	€'000
Bank interest receivable	2	187
	2	187

8 Interest payable and similar expenses

	2021	2020
	€'000	€'000
Bank interest	60	840
Interest payable to group undertakings	1,830	1,373
	1,890	2,213

Sensormatic Commercial/Industrial Limited

Notes to the financial statements for the year ended 30 September 2021 (cont'd)

9 Tax on profit

	2021 €'000	2020 €'000
Current Tax		
UK Corporation tax at 19% (2020:19%)	—	—
Adjustments in respect of prior periods	—	—
Total current tax	—	—
Deferred tax		
Origination and reversal of timing differences	2	2
Adjustments in respect of prior periods	—	—
Impact of change in corporation tax rate on timing differences	(4)	(1)
Total deferred tax (note 15)	(2)	1
Total tax on profit	(2)	1

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

Reconciliation of tax charge

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

Sensormatic Commercial/Industrial Limited

Notes to the financial statements for the year ended 30 September 2021 (cont'd)

9 Tax on profit(cont'd)

	2021	2020
	€'000	€'000
Profit before taxation	2,356	1,061
Profit before taxation multiplied by the standard rate of corporation tax of 19% (2020: 19%)	448	202
Group relief received for nil consideration	(446)	(200)
Adjustments in respect of prior periods	—	—
Impact of change in corporation tax rate on timing differences	(4)	(1)
Total tax (credit) / charge for the year	(2)	1

The rate of UK corporation tax is currently 19%. In its 2021 spring budget, the UK government announced that from 1 April 2023, the corporation tax rate will increase to 25%. This was substantively enacted for UK GAAP purposes on 10 June 2021.

Temporary differences at the Statement of financial position have been measured using the enacted deferred tax rate of 25% and reflected in these financial statements.

10 Directors and employees

The directors received no remuneration (2020: £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. It is not possible to determine an allocation to this company. The average monthly number of employees, excluding directors, is nil (2020: nil).

In 2021 the company incurred €2,369,000 of costs by way of recharges from group companies in respect of labour costs (2020: €2,384,000). The company has no direct employees.

Sensormatic Commercial/Industrial Limited

Notes to the financial statements for the year ended 30 September 2021 (cont'd)

11 Tangible assets

	Short leasehold land and buildings €'000	Plant and machinery €'000	Fixtures and fittings €'000	Total €'000
Cost				
At 1 October 2020	152	122	4	278
At 30 September 2021	152	122	4	278
Accumulated depreciation				
At 1 October 2020	152	122	4	278
At 30 September 2021	152	122	4	278
Net book value				
At 30 September 2021	—	—	—	—
At 30 September 2020	—	—	—	—

12 Debtors

	2021 €'000	2020 €'000
Amounts falling due within one year		
Trade debtors	22,764	23,339
Amounts owed by group undertakings	119	14,409
Other debtors	144	—
Deferred tax asset (note 15)	11	9
Taxation and social security	7,236	6,649
Prepayments	120	566
	30,394	44,972

Amounts owed by group undertakings include €6,000 (2020: €13,870,000) receivable under the UK cash-pooling arrangements which attracted €nil interest in the current period (2020: nil). All other amounts are unsecured, interest free and repayable on demand.

A bad debt provision of €332,121 was recognised in the current year (2020: €480,264).

Sensormatic Commercial/Industrial Limited

Notes to the financial statements for the year ended 30 September 2021 (cont'd)

13 Creditors – amounts falling due within one year

	2021	2020
	€'000	€'000
Bank overdrafts	1,308	2,085
Trade creditors	578	423
Amounts owed to group undertakings	25,577	43,438
Accruals	657	1,637
	28,120	47,583

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

14 Creditors – amounts falling due after more than one year

	2021	2020
	€'000	€'000
Amounts owed to group undertakings	21,543	21,308
	21,543	21,308

The amounts owed to group undertakings relate to an unsecured term loan of \$25 million which is an equivalent of €21,543 (2020: €21,308) million bearing interest at a fixed rate of 8.76% maturing in March 2025.

15 Deferred tax

The deferred tax asset recognised consists of:

	2021	2020
	€'000	€'000
Fixed asset timing differences	11	9
Total deferred tax recognised	11	9
		€'000
Asset recognised at 1 October, 2020		9
Amount charged to Statement of comprehensive income		2
Asset recognised at 30 September, 2021		11

There was no unprovided deferred tax at either period end.

Sensormatic Commercial/Industrial Limited

Notes to the financial statements for the year ended 30 September 2021 (cont'd)

15 Deferred tax (cont'd)

The unrecognised deferred tax asset consists of:

	2021 €'000	2020 €'000
Fixed asset timing differences	11	10
Short term timing differences	—	(1)
Total deferred tax unrecognised	11	9

16 Called up share capital

	30 September 2021		30 September 2020	
Allotted, called-up and fully paid	No	€'000	No	€'000
Ordinary shares of £1 each	2	—	2	—
	2	—	2	—

17 Post balance sheet events

In February 2022, as a result of the ongoing conflict between Russia and Ukraine, the company announced that will not receive new contracts in Russia business as a result of the sanctions put in place from US to Russia. As a result of this measure estimated sales to Russia, which account for 3.3% of total sales, are expected to decline approximately 32% in FY22. This is a non-adjusting event.

18 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Sensormatic B.V. , a company incorporated in the Netherlands.

The ultimate parent undertaking and controlling party is Johnson Controls International plc, a company incorporated in Cork, Ireland. Johnson Controls International plc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements for the year ended 30 September 2021. The consolidated financial statements of Johnson Controls International plc are available from:

Johnson Controls International plc
1 Albert Quay
Cork
Ireland