

Johnson Controls Commercial UK Ltd  
Annual report and financial statements  
for the year ended 30 September 2020



# **Johnson Controls Commercial UK Ltd**

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

<b>Contents</b>	<b>Page</b>
Strategic report	1
Directors' report	3
Independent auditors' report to the members of Johnson Controls Commercial UK Ltd	5
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the financial statements	11

# Johnson Controls Commercial UK Ltd

## Strategic report

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

### 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 2020 was \$1,281,000 (2019: loss \$2,031,000) generated by income received from fixed asset investments as detailed in note 5. The loss in the prior year was as a result of an investment impairment charged in the year.

As at the financial year end the company had net assets of \$50,748,000 (2019: \$49,467,000), primarily due to the distribution received from its investments.

On 25 September 2020, 100% of the legal ownership of one of the investments, Johnson Controls Malaysia Holding Sdn Bhd, was transferred from a fellow group undertaking to the company in exchange for \$1 paid in cash. The company already held 100% of the beneficial interest. Subsequent to the year end, in October 2020 and March 2021 the investment allotted 107,835,000 and 20,230,000 shares respectively. These were allotted at par and the company paid cash consideration of \$26,000,000 and \$5,000,000 respectively.

During the year, another investment, Beta Naco Limited, was in the process of being dissolved. During the year a distribution on dissolution was declared of \$34,675,316 which was paid in cash in April 2020. The distribution has been treated \$33,531,958 as a return of capital and \$1,143,358 was a return on investment and so treated as dividend income. Subsequent to the year end, on 6 October 2020, Beta Naco Limited was dissolved.

For full details on the transactions detailed above please see notes 5 and 11.

The company will continue to monitor each investment it holds together with any potential opportunities as they arise.

### Review of business and future developments

The activities of the company are those of a holding company, investing in companies around the world. The company engages in investment activities which are, by their nature, non-recurrent events. The company will continue to monitor each investment it holds together with any potential investment opportunities as they arise.

In relation to the evolving COVID 19 situation, the company is working to identify any ongoing potential risks and define and implement risk mitigation plans. Currently, the impact on the company's operations has been minimal due to the investment activity nature of the business. Management are of the opinion that the potential future impact to investments is low. One of the subsidiaries, Air Systems Components Investments China Limited, in March 2021 has commenced the process of being dissolved. The investment value as at the 30 September 2021 is supported by the distribution on dissolution declared subsequent to the year end which exceeds the book value. Please see note 11 for more information. After the dissolution is complete the only investment remaining is Johnson Controls Malaysia Holding Sdn Bhd which is already fully impaired.

### Key performance indicators (KPIs)

The investment 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.

# Johnson Controls Commercial UK Ltd

## Strategic report (cont'd)

### Principal risks and uncertainties

The principal risks and uncertainties of the company relate to the performance of its investment and fellow subsidiary companies. Any reductions in performance of the company's direct subsidiary, will have a direct impact on their valuation. Impairment reviews are carried out where it is assessed that an impairment trigger has been identified. This reduces the risk that the value of the investment disclosed in the financial statements is materially different from the recoverable value. The adoption of group policy which requires risk management and operational policies and procedures to be implemented in all areas of business, together with the robust supervision structure aids in the mitigation of this risk.

On behalf of the Board



M Ayre  
Director

Date: 09 July 2021

# Johnson Controls Commercial UK Ltd

## Directors' report

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

### Future developments

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

### Subsequent events

Following the year end one of the investments, Beta Naco Limited, concluded its strike off procedures and a second investment, Air Systems Components Investments China Limited, commenced strike off procedures. Capital contributions were also made to the investment in Malaysia. Please see note 11 for details.

### Dividends

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

### Financial risk management

#### *Credit risk*

The company is not exposed to any credit risk. 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. However, the investment in Malaysia is already fully impaired and so any risk is mitigated.

#### *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.

### Directors

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

M Ayre

P Schieser

### 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 policy, held by the group, 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.

# Johnson Controls Commercial UK Ltd

## Directors' report (cont'd)

### Statement of directors' responsibilities in respect of the financial statements

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

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

Under company law, 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### 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 LLP, 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: 09 July 2021

# Johnson Controls Commercial UK Ltd

## Independent auditors' report to the members of Johnson Controls Commercial UK Ltd

### Report on the audit of the financial statements

#### Opinion

In our opinion, Johnson Controls Commercial UK Limited's financial statements:

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

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 30 September 2020; the Statement of comprehensive income 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 where:

- 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.

# Johnson Controls Commercial UK Ltd

## Independent auditors' report to the members of Johnson Controls Commercial UK Ltd (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 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

### Responsibilities for the financial statements and the audit

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 4, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.



# Johnson Controls Commercial UK Ltd

## Independent auditors' report to the members of Johnson Controls Commercial UK Ltd (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.

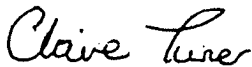
### Other required reporting

#### 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.



Claire E Turner (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Southampton  
09 July 2021

# Johnson Controls Commercial UK Ltd

## Statement of comprehensive income for the year ended 30 September 2020

	Note	2020 \$'000	2019 \$'000
Administrative expenses		(16)	(15)
<b>Operating loss</b>		<b>(16)</b>	<b>(15)</b>
Income from investments	5	1,143	-
Impairment of investments	11	-	(2,339)
Interest receivable and similar income	6	154	443
Interest payable and similar expenses	7	-	(120)
<b>Profit / (loss) before taxation</b>	8	<b>1,281</b>	<b>(2,031)</b>
Tax on profit / (loss)	10	-	-
<b>Profit / (loss) for the financial year</b>		<b>1,281</b>	<b>(2,031)</b>
<b>Total comprehensive income / (expense) for the year</b>		<b>1,281</b>	<b>(2,031)</b>

All results derive from continuing operations.

# Johnson Controls Commercial UK Ltd

## Statement of financial position as at 30 September 2020

	Note	2020 \$'000	2019 \$'000
<b>Fixed assets</b>			
Investments	11	3,306	36,838
<b>Current assets</b>			
Cash at bank and in hand		47,455	12,636
		47,455	12,636
<b>Creditors – amounts falling due within one year</b>	12	(13)	(7)
<b>Net current assets</b>		47,442	12,629
<b>Net assets</b>		50,748	49,467
<b>Capital and reserves</b>			
Called up share capital	13	46,296	46,296
Retained earnings		4,452	-3,171
<b>Total equity</b>		50,748	49,467

The notes on pages 11 to 18 form an integral part of these financial statements.

The financial statements on pages 8 to 18 were approved by the Board of directors on 09 July 2021 and were signed on its behalf by:



M Ayre  
**Director**  
Johnson Controls Commercial UK Ltd  
Registered number: 09187607

# Johnson Controls Commercial UK Ltd

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

	Called up share capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 October 2018	46,296	5,202	51,498
Loss for the financial year	-	(2,031)	(2,031)
Balance as at 30 September 2019	46,296	3,171	49,467
Profit for the financial year	-	1,281	1,281
Balance as at 30 September 2020	<b>46,296</b>	<b>4,452</b>	<b>50,748</b>

Retained earnings represent accumulated comprehensive income for the current and prior years.

# Johnson Controls Commercial UK Ltd

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

### 1 General information

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

The company's principal activities are that of a holding 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 as modified by the recognition of certain financial assets and liabilities at fair value. In light of the impact of coronavirus on the company, the directors have taken a number of steps to protect and support the business. However, if the company needs additional liquidity, the directors have received confirmation that the appropriate entity within the Johnson Controls group intends to support the company for at least one year after the financial statements are signed.

The 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 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 and 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.

# Johnson Controls Commercial UK Ltd

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

### 3 Summary of significant accounting policies (cont'd)

#### **Group financial statements**

The company is exempt from the requirement to prepare and deliver consolidated financial statements under the provisions of Section 400 of the Companies Act 2006 as it is a wholly owned subsidiary undertaking of Johnson Controls International plc, which is registered in Cork, Ireland and which itself prepares consolidated financial statements which are publicly available and can be obtained from the address given in note 14. Accordingly consolidated financial statements have not been prepared and the financial information presented for the current and prior year is for the company as an individual undertaking.

#### **Functional and presentational currency**

The directors are of the view that the main exposures and risks to the company are those denominated in US dollars, and hence US dollars is the appropriate functional currency. The directors have also selected US dollars as the presentational currency for the financial statements. Due to the size of the value of the transactions, the directors have taken the decision to present the financial statements in thousands of US dollars.

#### **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 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 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.

# Johnson Controls Commercial UK Ltd

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

### 3 Summary of significant accounting policies (cont'd)

#### **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 as well as reviewing the investments' net assets.

#### **Cash and cash equivalents**

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

#### **Financial instruments**

##### *Financial assets*

Basic financial assets, including cash at bank and in hand 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 amounts owed to group undertakings and accruals, 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.

##### *Offsetting*

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### *Foreign exchange contracts*

Foreign exchange contracts are not basic financial instruments. They are initially recognised at fair value on the date the contract is entered into and are then subsequently re-measured at their fair value. Changes in the fair value of the contracts are recognised in the Statement of comprehensive income in administrative expense.

#### **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.

# Johnson Controls Commercial UK Ltd

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

### 4 Critical accounting judgements and estimated uncertainty

#### Critical accounting estimates and assumptions

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

#### Impairment review of investments

Investments are reviewed for indicators of impairment. In the cases where the net asset value of the investment does not support the carrying value, the value-in-use (VIU) of relevant groups of income generating units (IGUs) for impairment testing purposes is determined. These calculations involve the use of estimates including projected future cashflows and other future events. Management make estimates regarding the future financial performance of the VIUs, taking into account elements such as long term business strategy.

### 5 Income from investments

	2020 \$'000	2019 \$'000
Dividends received	1,143	-

During the year one of the fixed asset investments, Beta Naco Limited was undergoing the process of dissolution. As part of this the investment declared a distribution on dissolution of \$34,675,316 of which \$33,531,958 was a return of capital and \$1,143,358 was a return on investment and so treated as dividend income. For more details please see note 11.

### 6 Interest receivable and similar income

	2020 \$'000	2019 \$'000
Bank interest receivable	154	317
Loan interest receivable	-	126
	154	443

### 7 Interest payable and similar expenses

	2020 \$'000	2019 \$'000
Bank interest payable	-	120

### 8 Profit / (loss) before taxation

	2020 \$'000	2019 \$'000
<b>Profit / (loss) before taxation is stated after (crediting)/charging:</b>		
Foreign exchange gains on forward exchange contracts	-	(475)
Foreign exchange (gains) / losses	(1)	481
Auditors' remuneration – Audit Services	13	7

A proportion of auditors' remuneration for audit services is borne by other members of the Johnson Controls International plc group.



# Johnson Controls Commercial UK Ltd

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

### 9 Directors and employees

The directors received no remuneration (2019: \$ nil) in respect of their services to the company during the year as their services as a director 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 of costs to this company. The average monthly number of employees excluding the directors was nil (2019: nil).

### 10 Tax on Profit / (loss)

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

#### Reconciliation of tax charge

The tax assessed for the year is lower (2019: higher) than the standard rate of corporation tax in the United Kingdom of 19% for the year ended 30 September 2020 (2019: 19%). The differences are explained below:

	2020 \$'000	2019 \$'000
<b>Profit / (loss) before taxation</b>	<b>1,281</b>	<b>(2,031)</b>
Profit / (loss) before taxation multiplied by standard rate of corporation tax of 19% (2019: 19%)	<b>243</b>	<b>(386)</b>
Effects of:		
Income not taxable	<b>(217)</b>	<b>-</b>
Expenses not deductible for tax purposes	<b>-</b>	<b>445</b>
Group relief received for nil consideration	<b>(26)</b>	<b>(59)</b>
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

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

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

# Johnson Controls Commercial UK Ltd

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

### 11 Investments

Shares in subsidiary undertakings	Total \$'000
<b>Cost</b>	
At 1 October 2019	46,972
Return of investment	(33,532)
At 30 September 2020	13,440
<b>Provision for Impairment</b>	
At 1 October 2019 and as at 30 September 2020	10,134
<b>Net book amount</b>	
<b>At 30 September 2020</b>	<b>3,306</b>
At 30 September 2019	36,838
<b>Analysed as:</b>	
	<b>2020 \$'000</b>
Beta Naco Limited	-
Air System Components Investments China Limited	3,306
JC Malaysia Holding Sdn Bhd	-
<b>At 30 September</b>	<b>3,306</b>

At 30 September 2020 the company had the following investments in subsidiary undertakings:

<b>Company</b>	<b>Class of shares</b>	<b>Proportion of nominal value of shares issued held by:</b>		<b>Registered Office</b>
		<b>The company</b>	<b>Other group companies</b>	
Beta Naco Limited	Ordinary	100%	-	9/10 The Briars, Waterberry Drive, Waterlooville, England, PO7 7YH
Air System Components Investments China Limited	Ordinary	100%	-	9/10 The Briars, Waterberry Drive, Waterlooville, England, PO7 7YH

# Johnson Controls Commercial UK Ltd

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

### 11 Investments (Cont'd)

Company	Class of shares	Proportion of nominal value of shares issued held by:		Registered Office
		The company	Other group companies	
JC Malaysia Holding Sdn Bhd	Ordinary	100%	-	Level 21, suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, KL
York (Malaysia) Manufacturing Sdn. Bhd.	Ordinary	-	100%	Level 21, suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, KL
York (Malaysia) Sales & Serv Sdb Bhd.	Ordinary	-	100%	Level 21, Suite 21.01, The Gardens South Tower Mid Valley City, Lingkaran Syed Putra, KL
Johnson Controls (M) Sdn. Bhd	Ordinary	-	30%	Level 21, Suite 21.01, The Gardens South Tower Mid Valley City, Lingkaran Syed Putra, KL

For year ended 30 September 2020 there has been no impairment charge (2019: \$2,339,167 against JC Malaysia Holdings Sdn Bhd).

On 25 September 2020, 100% of the legal ownership of Johnson Controls Malaysia Holding Sdn Bhd was transferred from a fellow group undertaking to the company in exchange for \$1 paid in cash. The company already held 100% of the beneficial interest. The shares which were transferred were as follows: 42,793,016 ordinary shares, 1,265,000 class A ordinary shares, 1,265 class B ordinary shares, 1,265 class C ordinary shares and 1,265 class D ordinary shares.

Subsequent to the year end, in October 2020 and March 2021, the company contributed \$26,000,000 and \$5,000,000 respectively to Johnson Controls Malaysia Holding Sdn Bhd in exchange for 107,835,000 and 20,230,000 ordinary shares of RM 1 each. This was funding by utilizing the cash at bank seen as at the Statement of financial position date. The capital contribution was required to provide cash support to the investment.

During the year Beta Naco Limited was in the process of being dissolved. During the year a distribution on dissolution was declared of \$34,675,316 which was paid in cash in April 2020. The distribution has been treated \$33,531,958 as a return of capital and \$1,143,358 was a return on investment and so treated as dividend income. Subsequent to the year end, on 6 October 2020, Beta Naco Limited was dissolved.

Following the year end, in April 2021, an intention to commence winding up procedures was filed on behalf of Air Systems Components Investments China Limited with the UK authorities. The liquidation remains in progress on the date these financial statements are approved. In March 2021 a distribution on dissolution was declared of \$3,575,293 which is in excess of the book value of the investment.

In the director's opinions, the carrying value of the investments, net of impairment provisions, is supported by the value of the underlying businesses.

# Johnson Controls Commercial UK Ltd

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

### 12 Creditors: amounts falling due within one year

	2020 \$'000	2019 \$'000
Amounts owed to group undertakings	7	-
Accruals	6	7
	13	7

Amounts owed to group undertakings comprise an intercompany current account which is interest free and repayable on demand.

### 13 Called up share capital

	2020 \$'000	2019 \$'000
<b>Authorised, allotted and fully paid</b>		
46,296,298 (2019: 46,296,298) ordinary A shares of \$1 each	46,296	46,296

#### Ordinary shares

Each ordinary A share has full rights in the company with respect to voting, dividends and distributions.

### 14 Ultimate parent undertaking and controlling party

The immediate parent undertaking and controlling party is QS0004 SARL, a company registered in Luxembourg.

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

Johnson Controls International plc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 30 September 2020. The consolidated financial statements of Johnson Controls International plc are available from:

Johnson Controls International plc  
1 Albert Quay  
Cork  
Ireland