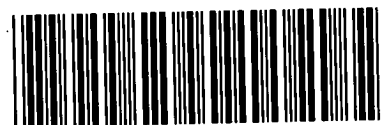


Johnson Controls International Holdings Ltd  
Annual report and financial statements  
for the year ended 30 September 2019

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# **Johnson Controls International Holdings Ltd**

## **Annual report and financial statements for the year ended 30 September 2019**

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# Johnson Controls International Holdings Ltd

## Strategic report

The directors present their Strategic report on the company for the year ended 30 September 2019.

### 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 2019 was \$56,165,000 (2018: loss \$168,579,000), primarily as a result of dividends received from its subsidiary as well as interest receivable on newly provided loans to fellow group entities. At the year end the company had net assets of \$593,747,000 (2018: \$616,441,000).

In September 2019, the directors of the company resolved to reduce the issued share capital of the company by cancelling 1 ordinary share of USD\$1 and to cancel and extinguish the \$769,999,999 share premium account of the company. The value arising as a result of this reduction were transferred to a distributable reserve from which a dividend was declared by the directors for \$78,859,365 on 20 September 2019 and paid to its immediate parent company (2018: \$nil).

### Review of business and future developments

The activities of the company is that of a financing company as a result of the loans provided to fellow group undertakings in the year, and continues to be that of a holding company. 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 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 nature of the business. A potential future impact that management have identified is that the performance of the subsidiaries may deteriorate during the global crisis due to market uncertainty and trading restrictions caused by country specific lock downs. Management's top priority remains ensuring that their people and extended supplier partners are safe, and is continually assessing the situation and monitoring for any potential disruptions. The directors, in assessing the company's financial position in light of COVID-19, 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, if the company needs additional liquidity.

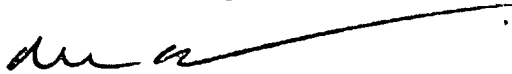
### Key performance indicators (KPIs)

The finance and 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.

### Principal risks and uncertainties

The principal risks and uncertainties of the company relate to the performance of its fellow group undertakings to which it has provided finance as well as to the investments in the Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd group. Any reductions in performance of the company's direct subsidiary, and the sub group which sits beneath, will have a direct impact on their valuation. Annual impairment reviews are carried out where an initial trigger assessment has been performed indicating further assessment is required. These trigger assessments use, where possible, audited financial information to compute a value for the company's subsidiaries and sub-subsidiaries to identify where any value has potentially diminished for which a more detailed assessment is then made. This reduces the risk that the value of the investment disclosed in the financial statements is materially different from the recoverable value.

The Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd group is a group where management expectation is one of appreciation and this is reflective of both the group's historic performance. 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  
Mark Ayre  
Director  
30 October 2020

# Johnson Controls International Holdings Ltd

## Directors' report

The directors present their report and the audited financial statements of the company for the year ended 30 September 2019.

### Future developments

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

### Post balance sheet events

In March 2020 the United Kingdom was impacted by the Coronavirus pandemic and the country has been subject to lockdown arrangements for an undisclosed period of time by the government (see note 16).

On 29 April 2020 the company sold its loan included in amounts owed by group undertakings of MXN 1,206,888,000 to a fellow undertaking at its fair value of MXN 952,887,670 translated to \$39,346,815 leading to a loss on sale of \$14,191,978 (see note 16).

### Dividends

In September 2019 an interim dividend was declared by the directors for \$78,859,365 and paid to its immediate parent company (2018: \$nil). The directors do not recommend the payment of a final dividend (2018: \$nil).

### Financial risk management

#### *Credit risk*

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

#### *Exchange rate risk*

Potential exposure to currency exchange rate fluctuations is managed internally within the group. The group enter into forward exchange contracts on behalf of the company to the value of its future multicurrency cash flows, arising from investments in foreign subsidiaries. Consequently exchange rate risk is not significant.

#### *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. All interest bearing intercompany loans are at fixed interest rates.

### 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 International Holdings Ltd

## Directors' report (cont'd)

### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

The directors are 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



Mark Ayre  
Director

30 October 2020

# Johnson Controls International Holdings Ltd

## Independent auditors' report to the members of Johnson Controls International Holdings Ltd

### Report on the audit of the financial statements

#### Opinion

In our opinion, Johnson Controls International Holdings Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 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 2019; the Income statement, the Statement of comprehensive income, 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 International Holdings Ltd

## Independent auditors' report to the members of Johnson Controls International Holdings Ltd (cont'd)

### Report on the audit of the financial statements (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 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

### Responsibilities for the financial statements and the audit

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

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

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

#### *Auditors' responsibilities for the audit of the financial statements*

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

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

# Johnson Controls International Holdings Ltd

## Independent auditors' report to the members of Johnson Controls International Holdings Ltd (cont'd)

### Report on the audit of the financial statements (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.



Nicholas Smith (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Southampton  
30 October 2020



# Johnson Controls International Holdings Ltd

## Statement of comprehensive income for the year ended 30 September 2019

	Note	2019 \$'000	2018 \$'000
Administrative expenses		(6)	(9)
Foreign exchange gain		1,231	8,855
<b>Operating profit</b>		<b>1,225</b>	<b>8,846</b>
Income from other fixed asset investment	5	54,000	54,000
Other interest receivable and similar income	6	2,190	-
Interest payable and similar expenses	7	(1,250)	(231,425)
<b>Profit / (loss) before taxation</b>	8	<b>56,165</b>	<b>(168,579)</b>
Tax on profit / (loss)	9	-	-
<b>Profit / (loss) for the financial year</b>		<b>56,165</b>	<b>(168,579)</b>
<b>Total comprehensive income / (expense) for the year</b>		<b>56,165</b>	<b>(168,579)</b>

All results derive from continuing operations.

# Johnson Controls International Holdings Ltd

## Statement of financial position as at 30 September 2019

	Note	2019 \$'000	2018 \$'000
<b>Fixed assets</b>			
Investments	11	557,618	557,618
<b>Current assets</b>			
Debtors (falling due in more than one year \$61,217,000 (2018: \$nil))	12	439,650	54,000
Cash at bank and in hand		-	4,831
		<b>439,650</b>	<b>58,831</b>
<b>Creditors – amounts falling due within one year</b>	13	<b>(403,521)</b>	<b>(8)</b>
Net current assets		<b>36,129</b>	<b>58,823</b>
Total assets less current liabilities		<b>593,747</b>	<b>616,441</b>
<b>Net assets</b>		<b>593,747</b>	<b>616,441</b>
<b>Capital and reserves</b>			
Called up share capital	14	111,780	111,780
Share premium account	14	-	770,000
Other distributable reserve		691,141	-
Accumulated losses		(209,174)	(265,339)
<b>Total equity</b>		<b>593,747</b>	<b>616,441</b>

The notes on pages 10 to 22 form an integral part of these financial statements.

The financial statements on pages 7 to 22 were approved by the Board of directors on 30 October 2020 and were signed on its behalf by:



Mark Ayre  
**Director**  
 Johnson Controls International Holdings Ltd  
 Registered number: 09458809

# Johnson Controls International Holdings Ltd

## Statement of changes in equity for the year ended 30 September 2019

	Called up share capital \$'000	Share premium account \$'000	Other distributable reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance as at 1 October 2017	111,780	-	-	(96,760)	15,020
Issue of share	-	770,000	-	-	770,000
Loss for the financial year	-	-	-	(168,579)	(168,579)
Balance as at 1 October 2018	111,780	770,000	-	(265,339)	616,441
Profit for the financial year	-	-	-	56,165	56,165
Capital reduction	-	(770,000)	770,000	-	-
Dividends paid	-	-	(78,859)	-	(78,859)
<b>Balance as at 30 September 2019</b>	<b>111,780</b>	<b>-</b>	<b>691,141</b>	<b>(209,174)</b>	<b>593,747</b>

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

The share premium account arose in the prior year on the allotment of one ordinary share. The additional funding was utilised to early settle loans during the prior year included within amounts due to group undertakings.

# Johnson Controls International Holdings Ltd

## Notes to the financial statements for the year ended 30 September 2019

### 1 General information

Johnson Controls International Holdings Ltd ("the company") is a private company limited by shares, domiciled and incorporated in England, 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 and financing 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 periods presented, unless otherwise stated.

#### 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 15.

- 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.

# Johnson Controls International Holdings Ltd

## Notes to the financial statements for the year ended 30 September 2019 (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 15. Accordingly consolidated financial statements have not been prepared and the financial information presented for the current year 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 in relation to the company's investment which is 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.

#### **Foreign currencies**

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

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

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

#### **Taxation**

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

##### *Current tax*

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

##### *Deferred tax*

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

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

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

# Johnson Controls International Holdings Ltd

## Notes to the financial statements for the year ended 30 September 2019 (cont'd)

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

#### **Fixed asset investments**

Investments are stated at cost plus incidental expenses less provisions for impairment in value. The company reviews the carrying value of investments when there has been an indication of potential impairment. If it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the statement of comprehensive income. The calculations for determining the carrying value of investments involves the use of estimates including projected future cash flows and other future events.

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

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

#### **Financial instruments**

##### *Financial assets*

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

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

##### *Financial liabilities*

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

##### *Forward exchange contracts*

Forward exchange contracts are not basic financial instruments, they are initially measured at fair value on the date the contract is entered into and is then subsequently re-measured at fair value at the year-end date. Changes in the value of the contracts are recognised in the statement of comprehensive income as they are incurred.

#### **Related party transactions**

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

### 4 Critical accounting judgements and estimated uncertainty

The company makes estimates and assumptions concerning the future. 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.

##### *Impairment review of fixed asset investments*

As per the accounting policy fixed asset investments are reviewed for indicators of impairment. For trading subsidiaries the value-in-use (VIU) of relevant groups of income generating units (IGUs) for impairment testing purposes is determined using the investment's recoverable amount including the use of calculations of cash flow projections from the financial plans approved by the Board. For non trading subsidiaries the net assets form the basis of our valuation. These calculations involve the use of estimates including projected future cashflows and other future events.

# Johnson Controls International Holdings Ltd

## Notes to the financial statements for the year ended 30 September 2019 (cont'd)

### 5 Income from other fixed asset investments

	2019 \$'000	2018 \$'000
Dividends received	54,000	54,000

### 6 Other interest receivable and similar income

	2019 \$'000	2018 \$'000
Interest receivable from group undertakings	283	-
Bank interest receivable	1,907	-
	2,190	-

### 7 Interest payable and similar expenses

	2019 \$'000	2018 \$'000
Interest payable to group undertakings charged for the year	-	38,836
Interest payable to group undertakings on early repayment of loan	-	190,056
Bank interest payable	1,250	2,533
	1,250	231,425

### 8 Profit / (loss) before taxation

	2019 \$'000	2018 \$'000
<b>Profit / (loss) before taxation is stated after (crediting)/charging:</b>		
Foreign exchange gains	(5,030)	(13,526)
Foreign exchange loss on forward contracts	3,799	4,671
Auditors' remuneration for audit services	6	9

Audit fees for 2019 include additional amounts regarding the prior year that were agreed in 2019.

# Johnson Controls International Holdings Ltd

## Notes to the financial statements for the year ended 30 September 2019 (cont'd)

### 9 Tax on profit / (loss)

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

#### Reconciliation of tax charge:

The tax assessed for the year is lower (2018: higher) than the standard rate of corporation tax in the United Kingdom of 19% for the year ended 30 September 2019 (2018: 19%). The differences are explained below:

	2019 \$'000	2018 \$'000
<b>Profit / (loss) before taxation</b>	<b>56,165</b>	<b>(168,579)</b>
Profit / (loss) before taxation multiplied by standard rate of corporation tax of 19% (2018: 19%)	<b>10,671</b>	<b>(32,030)</b>
Effects of:		
Expenses not deductible for tax purposes	<b>(10,494)</b>	<b>31,547</b>
Group relief surrendered for nil consideration	<b>(177)</b>	<b>483</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. Temporary differences at the year end sheet date have been measured using the enacted tax rates and reflected in these financial statements.

In the 2020 Budget, the UK Government announced its intention to reverse the planned rate reduction and to maintain the current rate of 19%. This announcement does not constitute substantive enactment, and therefore temporary differences at the year end date continue to be measured at the enacted rate of 17%.

No deferred tax asset has been recognised in these financial statements in respect of the tax losses due to uncertainty surrounding the future profitability of the company. The total unrecognised deferred tax asset for the year is \$3,034,412 (2018: \$3,034,000).

### 10 Directors and employees

The directors received no remuneration (2018: \$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 of costs to this company.

The average monthly number of employees, including directors, was nil (2018: nil).



# Johnson Controls International Holdings Ltd

## Notes to the financial statements for the year ended 30 September 2019 (cont'd)

### 11 Investments

	Total
Shares in subsidiary undertakings	\$'000
Cost	
At 1 October 2018 and 30 September 2019	557,618
Net book amount	
At 1 October 2018 and 30 September 2019	557,618
Analysed as:	
	2019 \$'000
Johnson Controls – Hitachi Air Conditioning Holding (UK) Ltd	557,618
At 30 September	557,618

The principal activity of the subsidiary is that of a holding company.

At 30 September 2019 the company had the following investments in subsidiary undertakings:

Company	Class of shares	Proportion of issued share capital held		Registered office
		The company	Other group companies	
Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd	Ordinary	60%	-	9/10 The Briars, Waterberry Drive, Waterlooville, Hampshire, PO7 7YH, UK
Johnson Controls-Hitachi Air Conditioning Holding GK	Ordinary	-	100%	16-1 Kaigan 1-chome, Minato-Ku, Tokyo 105-0022, Japan
Johnson Controls-Hitachi Air Conditioning Technology (Hong Kong) Limited	Ordinary	-	100%	12th Floor, OCTA Tower, No. 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong
Johnson Controls Air Conditioning Asia (Hong Kong) Limited	Ordinary	-	100%	12th Floor, OCTA Tower, No. 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong
Johnson Controls Air Conditioning (Hong Kong) Limited	Ordinary	-	100%	12th Floor, OCTA Tower, No. 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong
Johnson Controls Air Conditioning Asia Holding (Hong Kong) Limited	Ordinary	-	100%	12th Floor, OCTA Tower, No. 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong
JCHAC Jersey Holding Limited	Ordinary	-	100%	47, Esplanade, St Helier, JE1 0BD, Jersey
Johnson Controls Air Conditioning Europe Limited	Ordinary	-	100%	9/10 The Briars, Waterberry Drive, Waterlooville, Hampshire, PO7 7YH, UK
Johnson Controls Air Conditioning Holding (M) Sdn. Bhd.	Ordinary	-	100%	Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia
	A-C Preference	-	100%	

# Johnson Controls International Holdings Ltd

## Notes to the financial statements for the year ended 30 September 2019 (cont'd)

### 11 Investments (cont'd)

Company	Class of shares	Proportion of issued share capital held		Registered office
		The company	Other group companies	
Hitachi Industrial Machinery Philippines Corp.	Ordinary	-	100%	PEZA Drive, Phase 2, First Cavite Industrial Estate, Brgy, Langkaan, Dasmarinas, Cavite Philippines
Johnson Controls-Hitachi Air Conditioning North America LLC	Membership interest	-	100%	1209 Orange St., Wilmington, 19801 Delaware, USA
Johnson Controls-Hitachi Components (Thailand) Co., Ltd.	Ordinary	-	100%	64/39 Moo4 Eastern Seabord Industrial Estate Tambol Pluakdeang Amphur Pluakdeang, Rayong 21140 Thailand
Hitachi Johnson Controls Air Conditioning KK	Ordinary	-	100%	16-1 Kaigan 1-chome, Minato-Ku, Tokyo, Japan
	A-C Preference	-	100%	
Johnson Controls AC Limited	Ordinary	-	100%	9/10 The Briars, Waterberry Drive, Waterlooville, Hampshire, PO7 7YH, UK
Johnson Controls Ar Condicionado do Brasil Holding Ltda.	Ordinary	-	100%	Av Embaixador Macedo Soares, 10001, Torre A, Andar 12 CJ, Vila Ribeiro de Bar, Sao Paulo 5307-200, Brazil
Johnson Controls-Hitachi Ar Condicionado do Brasil Ltda.	Ordinary	-	100%	Rod. Presidente Dutra km 141, S/N Bairro Eugenio de Mello, Sao Jose dos Campos, Sao Paulo, 12247-901, Brazil
Johnson Controls-Hitachi Air Conditioning Singapore Pte. Ltd.	Ordinary	-	100%	6 Changi Business Park, Avenue 1 #06-21/22, UE Bizhub Eastt (North Tower), North East, 486017, Singapore
Johnson Controls Air Conditioning Malaysia Sdn. Bhd	Ordinary	-	100%	Luxo Tech. Centre, Level 2, No. 1A Jalan Teknologi 3/4, Taman Sains Selangor 1, Kota Damansara PJU 5, Petaling Jaya, Selangor 47810, Malaysia
Johnson Controls-Hitachi Air Conditioning (Thailand) Co., Ltd.	Ordinary	-	100%	719 KPN Tower, 8th Floor, Rama Road, Bangkok, Huay Kwang, Bangkok 10310, Thailand
PT Johnson Controls Hitachi Air Conditioning Indonesia	Ordinary	-	67%	Wisma 77, 16th Floor, Jl. S. Parman Kav.77, Slipi, Jakarta Raya 11410, Indonesia
Johnson Controls-Hitachi Air Conditioning Vietnam Limited Liability Company	Ordinary	-	100%	319-D6 Ly Thuong Kiet Street, Ward 15, District 11, Ho Chi Minh City, Vietnam
Johnson Controls Air Conditioning Japan Nin-i Kumiai	Ordinary	-	100%	12th Floor, OCTA Tower, No. 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong

# Johnson Controls International Holdings Ltd

## Notes to the financial statements for the year ended 30 September 2019 (cont'd)

### 11 Investments (cont'd)

Company	Class of shares	Proportion of issued share capital held		Registered office
		The company	Other group companies	
Johnson Controls Air Conditioning Finance (Hong Kong) Limited	Ordinary	-	100%	12th Floor, OCTA Tower, No. 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong
	A-C Preference	-	100%	
Johnson Controls Air Conditioning Investments (UK) Limited	Ordinary	-	100%	9/10 The Briars, Waterberry Drive, Waterlooville, Hampshire, PO7 7YH, UK
	A-C Preference	-	100%	
Johnson Controls-Hitachi Air Conditioning Supply Singapore Pte. Ltd.	Ordinary	-	100%	6 Changi Business Park Avenue 1, #06-21/22, UE Bizhub East, 486017 Singapore
Johnson Controls Air Conditioning Asia Finance China	Ordinary	-	100%	12th Floor, OCTA Tower, No. 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong
Johnson Controls Air Conditioning Holding (Hong Kong) Limited	Ordinary	-	100%	12th Floor, OCTA Tower, No. 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong
Johnson Controls Air Conditioning Asia Holding China	Ordinary	-	100%	Room 1301, 13/F, Octa Tower, 8 Lam Chak Street, Kowloon, Hong Kong
Johnson Controls Air Conditioning (UK) Limited	Ordinary	-	100%	9/10 The Briars, Waterberry Drive, Waterlooville, Hampshire, PO7 7YH, UK
Johnson Controls-Hitachi Air Conditioning Services (Hong Kong) Limited	Ordinary	-	100%	11/F & 12/F, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong
	A-C Preference	-	100%	
Johnson Controls-Hitachi Wanbao Air Conditioning (Guangzhou) Co., Ltd	Ordinary	-	57%	No. 1086 Cheng ao East Road, Conghua District, Guangzhou, China
Johnson Controls-Hitachi Wanbao Air Conditioning System (Shanghai) Co., Ltd	Ordinary	-	100%	Part 2, 2F, No.39 Jia Tai Road, Pilot Free Trade Zone, Shanghai, China
Johnson Controls-Hitachi Wanbao Compressor (Guangzhou) Co., Ltd.	Ordinary	-	60%	No. 1086 Cheng ao East Road, Conghua District, Guangzhou, China
Johnson Controls-Hitachi Air Conditioning Wuhu Co., Ltd	Ordinary	-	100%	2, Qi Luo Shan Road, Wuhu City, Anhui Province, China
Johnson Controls-Hitachi Air Conditioning Technology (Wuxi) Co., Ltd.	Ordinary	-	100%	32, Chang Jiang Road, National High-Tech Investment & Development Zone, Wuxi, Jiangsu Province, China
Johnson Controls-Hitachi Air Conditioning Technology (Shanghai) Co., Ltd.	Ordinary	-	100%	1C105, No. 518-11 North Fuquan Road, Changning District, Shanghai, China

# Johnson Controls International Holdings Ltd

## Notes to the financial statements for the year ended 30 September 2019 (cont'd)

### 11 Investments (cont'd)

Company	Class of shares	Proportion of issued share capital held		Registered office
		The company	Other group companies	
Johnson Controls-Hitachi Air Conditioning Trading (Hong Kong) Limited	Ordinary	-	100%	11/F & 12/F, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong
	A-C Preference	-	100%	
Qingdao Hisense Hitachi Air-conditioning Systems Co., Ltd.	Ordinary	-	49%	No.218 Qian Wan Gang Road, Qingdao ETDZ, Qingdao, Shandong, China
Qingdao Hisense Hitachi Air-conditioning Marketing Co., Ltd.	Ordinary	-	80%	South of the Qian Wan Gang Road, East of the FenJin Road, West of the TuanJie Road, HuangDao District, China
Qingdao Hisense Nuantong HVAC Equipment Co., Ltd.	Ordinary	-	100%	No.218 Qian Wan Gang Road, Qingdao ETDZ, Qingdao, Shandong, China
Qingdao Johnson Controls Air-Conditioning Co., Ltd	Ordinary	-	100%	No.218 Qian Wan Gang Road, Qingdao ETDZ, Qingdao, Shandong, China
Shanghai Highly Electrical Appliances Co., Ltd.	Ordinary	-	25%	1051, Yunqiao Road, Pilot Free Trade Zone, Shanghai, China
Nanchang Highly Electrical Machinery Co., Ltd.	Ordinary	-	100%	88, Meilin Road, Economic and Technological Development Zone, Nanchang, China
Mianyang Highly Electrical Appliances Co., Ltd.	Ordinary	-	51%	188 Mianzhou Road , Economic and Technology Development Area, Mianyang City, Sichuan Province, China
Nanchang Highly Cooling and Heating Technology Co., Ltd	Ordinary	-	100%	88, Meilin Road, Economic and Technological Development Zone, Nanchang, China
Highly Electrical Appliances India Pvt. Ltd.	Ordinary	-	100%	Survey No. 456, 457, Village Matoda Besides, Intas Pharmaceuticals, Sarkhej-Bavla Highway, Ahmedabad-382213, Gujarat, India
JCHAC UK Holdco Limited	Ordinary	-	100%	9/10 The Briars, Waterberry Drive, Waterlooville, Hampshire, PO7 7YH, UK
	A-C Preference	-	100%	
JCHAC Europe Finco Limited	Ordinary	-	100%	9/10 The Briars, Waterberry Drive, Waterlooville, Hampshire, PO7 7YH, UK
	A-C Preference	-	100%	
JCHAC Taiwan Holdco Limited	Ordinary	-	100%	104, 1F, 61, Sec. 3, Nanking E. Rd., Chungshan Dist., Taipei City, Taiwan
Johnson Controls-Hitachi Air Conditioning Taiwan Co., Ltd.	Ordinary	-	61%	No. 63, Sec. 3, Nanjing E Road, Zhongshan Dist., Taipei City, Taiwan

# Johnson Controls International Holdings Ltd

## Notes to the financial statements for the year ended 30 September 2019 (cont'd)

### 11 Investments (cont'd)

Company	Class of shares	Proportion of issued share capital held		Registered office
		The company	Other group companies	
Johnson Controls-Hitachi Air Conditioning Sales Taiwan Co., Ltd.	Ordinary	-	100%	No. 63, Sec. 3, Nanjing E Road, Zhongshan Dist., Taipei City 104, Taiwan
Johnson Controls-Hitachi Air Conditioning Philippines, Inc.	Ordinary	-	100%	1A, Binictican Drive, Subic Bay Industrial Park Phase II, Subic Bay Freeport Zone, Philippines
Taiwan Hitachi (BVI) Co, Ltd.	Ordinary	-	100%	P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands
JCHAC India Holdco Limited	Ordinary	-	100%	9/10 The Briars, Waterberry Drive, Waterlooville, Hampshire, PO7 7YH, UK
	A-C Preference	-	100%	
Johnson Controls-Hitachi Air Conditioning India Limited	Ordinary	-	100%	9/F, Abhijeet, Mithakhali Six Road, Ahmedabad, Gujarat, India
Johnson Controls Hitachi Air Conditioning Europe SAS	Ordinary	-	100%	2 Rue de Lombardie, Aktiland II, 69800 Saint-Priest, France
Johnson Controls-Hitachi Air Conditioning Spain, S.A.U.	Ordinary	-	100%	Ronda Shimizu, 1, 08233 Vacarisses, Barcelona, Spain
Johnson Controls Hitachi Air Conditioning Malaysia Sdn. Bhd.	Ordinary	-	100%	10, Jalan Kemajuan, Bangi Industrial Estate, 43650 Bandar Baru Bangi, Selangor, Malaysia

In the directors' opinion, the carrying value of each of the investments is supported by the value of the underlying assets of the business.

# Johnson Controls International Holdings Ltd

## Notes to the financial statements for the year ended 30 September 2019 (cont'd)

### 12 Debtors

	2019 \$'000	2018 \$'000
<b>Debtors – amounts receivable within one year</b>		
Amounts owed by group undertakings	378,433	54,000
<b>Debtors – amounts receivable after more than one year</b>		
Amounts owed by group undertakings	61,217	-
	<b>439,650</b>	<b>54,000</b>

Amounts owed by group undertakings include three loans totalling \$439,368,111 (2018: \$nil). The loans denominated in GBP were entered into on 25 September 2019 and the loan denominated in MXN was purchase from a fellow undertaking at face value on 25 September 2019. The loans bear the terms:

Loan value (in \$'000's)	Interest Rate	Maturity date	Loan currency	Loan value (000's)
\$131,324 (2018: \$nil)	2.36% (2018: nil%)	Sep 2020	GBP	£106,758
\$246,827 (2018: \$nil)	2.29% (2018: nil%)	Sep 2020	GBP	£200,656
\$61,217 * (2018: \$nil)	13.75% (2018: nil%)	Sep 2023	MXN	MXN 1,206,888

\*Disclosed as receivable after more than one year.

Interest receivable on these loans of \$282,228 (2018: \$nil) is also included in amounts owed by group undertakings.

As at the year end dividends receivable from subsidiaries was \$nil (2018: \$54,000,000).

Subsequent to the year end, on 29 April 2020, the company sold its loan included in amounts owed by group undertakings of MXN 1,206,888,000 (translated to £61,217,000) to a fellow undertaking. See note 16 for details.

### 13 Creditors – amounts falling due within one year

	2019 \$'000	2018 \$'000
Bank loans and overdrafts	399,715	-
Forward exchange contract	3,800	-
Accruals and deferred income	6	8
	<b>403,521</b>	<b>8</b>

The company enters into forward exchange contracts to mitigate the exchange rate risk for certain foreign currency receivables. The foreign exchange contracts are measured at fair value with any changes charged or credited to comprehensive income. At the year end the company has internal foreign exchange swaps held at their fair value of \$3,798,959 (2018: \$nil) for the sale of GBP £307,415,000 and MXN \$2,300,000 with settlement date in October 2019.

The Johnson Controls International plc group has a cash pooling arrangement with Bank Mendes Gan ("BMG") which manages the funding requirement for EMEA group companies. BMG balances are unsecured, repayable on demand and interest rates are set and calculated daily for each currency. Overdraft rates are equal to credit rates plus 1.28% margin (2018: 1% margin). The bank overdraft forms part of this cash pooling arrangement.

# Johnson Controls International Holdings Ltd

## Notes to the financial statements for the year ended 30 September 2019 (cont'd)

### 14 Called up share capital

Allotted and fully paid	2019 \$'000	2018 \$'000
12,100,000 (2018: 12,100,001) ordinary shares of \$1 each	12,100	12,100
34,000,000 (2018: 34,000,000) preference A shares of \$1 each	34,000	34,000
34,000,000 (2018: 34,000,000) preference B shares of \$1 each	34,000	34,000
31,679,736 (2018: 31,679,736) preference C shares of \$1 each	31,680	31,680
	111,780	111,780

On 16 September 2019, the directors of the company resolved to reduce the issued share capital of the company by cancelling 1 ordinary share of USD\$1 and to cancel and extinguish the share premium of USD\$769,999,999. Following the capital reduction, the value arising as a result were transferred to the distributable reserve account.

On 20 September 2019, the directors resolved and paid a dividend of \$78,859,365 (2018: \$nil) to its immediate parent company from said distributable reserve account.

The following rights attach to the different classes of shares:

**Voting rights:** The holders of the ordinary and preference shares shall be entitled one vote in any circumstances.

**Dividend rights:** The holders of ordinary shares shall be entitled to a dividend at a rate declared by the directors from time to time. Payments of these dividends shall be made only after payments of all preferred dividends, including payments of a sum equal to all arrears and accruals. Holders of the preference shares shall be paid in the following order A, B then C. Holders will be paid a discretionary cumulative dividend at a rate of 7%, 7.1% and 7.2% respectively.

### 15 Ultimate parent undertaking and controlling party

The immediate parent undertaking and controlling party is Johnson Controls Reorganization Luxembourg SCS, a company incorporated 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 2019. The consolidated financial statements of Johnson Controls International plc are available from:

Johnson Controls International plc  
1 Albert Quay  
Cork  
Ireland

# Johnson Controls International Holdings Ltd

## Notes to the financial statements for the year ended 30 September 2019 (cont'd)

### 16 Post balance sheet events

In March 2020, the United Kingdom was impacted by the Coronavirus pandemic and the country has been subject to lockdown arrangements for an undisclosed period of time by the government. Whilst not an adjusting event the impact of this on the company from a going concern perspective has been assessed and is explained in the Basis of preparation section of note 3 on page 11.

On 29 April 2020 the company sold its loan included in amounts owed by group undertakings of MXN 1,206,888,000 to a fellow undertaking. The loan was sold at its fair market value of MXN 952,887,670 translated to \$38,346,815. The book value of the loan plus accrued unpaid interest on the date of sale was MXN 1,305,546,961 translated to \$52,538,792 leading to a loss on sale of \$14,191,978. The sale was initiated in March 2020 as part of a restructuring initiative. As initiation occurred subsequent to the year end this transaction is deemed a non adjusting event.