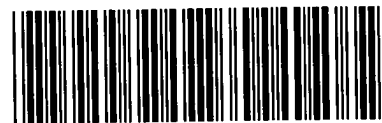


Registered Number 01161045

ADT Fire and Security plc
Annual report and financial statements
for the year ended 30 September 2019

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ADT Fire and Security plc

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

Contents	Page
Strategic report	1
Directors' report	5
Independent auditors' report to the members of ADT Fire and Security plc	7
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Notes to the financial statements	13

ADT Fire and Security plc

Strategic report for the year ended 30 September 2019

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

Principal activities of business

The principal activity of the company is the installation, rental, maintenance and monitoring of electronic security and fire systems, and associated building management systems. The company holds leading market share positions in both the commercial and residential markets for its systems and services.

Business review and future developments

The results for the period are given in the Statement of comprehensive income on page 9. This shows the company's sales increased by £1.5 million to £348.1 million in 2019 (2018: £346.6 million) and operating profit increased by £17.6 million to an operating profit of £21.7 million (2018: operating profit of £4.1 million).

Profit before tax increased by £12.7 million to £24.3 million (2018: £11.6 million). In the prior year, profits were impacted by substantial losses of £17.0 million (2019: £0.5 million) incurred on a loss making contract.

Intercompany loan interest received has reduced by £6.2 million to £1.5 million in 2019 (2018: £7.7 million) due to an intercompany loan reaching its maturing date during the year and not having an agreement in place to continue to charge interest.

The Statement of financial position shows that the net assets of the company increased by £24.5 million in the year. At the year end, net assets were £628.4 million (2018: £603.9 million).

ADT Fire and Security plc operates as part of Johnson Controls International plc's (JCI) Building Technologies & Solutions division in Europe, Middle East and Africa division, and benefits from research and development conducted primarily in other JCI companies.

JCI manages its business on a divisional basis. For this reason the directors of the company do not believe that further key performance indicators are necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Europe, Middle East and Africa division, which includes the company, is discussed in the Johnson Controls International plc's 2019 Annual report, which does not form part of this report.

During the year the company made various acquisitions of fire and security customer contracts from third parties in line with the aim to achieve top-line growth and better customer support.

On 31st July 2019 the company purchased the entire share capital of AsPro (UK) Limited and AsPro Crest Limited for £3.9 million. These companies provide installation of security and fire protection systems together with their service and maintenance.

Future developments

In October 2019 the company acquired WOT Security Limited, for a purchase consideration of £5.6 million. It also acquired New Tech Security Limited and NT Security Limited in December 2019 for a total purchase consideration of £4.5 million (see note 24).

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

Business environment and strategy

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

ADT Fire and Security plc

Strategic report for the year ended 30 September 2019 (cont'd)

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the company, which could result in losing key sales to competitors. The company responds by offering leading edge products and by providing a range of added-value services to its customers.

A large part of the company's income is through recurring monthly fees for rentals of systems, monitoring and maintenance services. This provides the company with a healthy cash inflow which further finances the company's activities. The company is a net lender to other JCI group companies. Because of the financial health of the JCI group, the directors do not believe that this presents a risk.

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

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

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

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

As part of this year's risk assessment we have considered the impact of the United Kingdom leaving the EU on 31 January 2020. There is now a transition period in place until the end of 2020 while the United Kingdom and EU negotiate additional arrangements. The internal working group previously established will continue to consider the potential impact on the availability of markets and market access rights; the impact on strategy and operations; increases in import and labour costs; the retention of skilled labour and recruitment concerns.

In relation to the evolving coronavirus situation, whilst this represents a non-adjusting event for these financial statements, we are working to identify any ongoing potential risks, assess inventory, define and implement risk mitigation plans, and determine a safe and sustainable return to normal operations should we be impacted at scale. Over 60% of our revenues are from recurring service, maintenance and monitoring contracts, the remainder of our revenues are from new installations and whilst we have seen a slowdown in this work, many construction sites and critical infrastructure sites remain open and we are continuing to install vital systems for these customers. Where service customers cannot grant access to sites, we will attempt to carry services and diagnostics out remotely to mitigate the risk.

ADT Fire and Security plc

Strategic report for the year ended 30 September 2019 (cont'd)

Principal risks and uncertainties (cont'd)

To manage the costs of the business, a large number of employees have moved to reduced pay for reduced hours and those who cannot work due to lack of open premises or lack of sales enquiries have been placed on furlough to protect their longer term employment.

In addition, in the short term, management have taken decisive actions to eliminate all discretionary spending such as sales events, entertaining, meetings, marketing, training and CAPEX. This measure would help to support the liquidity of the company.

Our top priority remains ensuring that our people and our extended supplier partners are safe, and we will continually assess the situation and monitor for any potential disruptions. Whilst we have been impacted operationally and financially from this, we are taking responsible actions to try to manage and mitigate the short and longer term impacts such that we will be able to continue trading for the foreseeable future.

Legal risk

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

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

Further risks faced by the Group are discussed in the Johnson Controls International Plc 2019 Annual report, which does not form part of this report.

Financial risk management objectives and policies

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

Cash flow risk

The business operates primarily in the UK and has a large and diverse range of customers. It operates appropriate control over its debtor and creditor balances and therefore exposure to cash flow risk from realising its working capital is small.

Credit risk

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

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

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

ADT Fire and Security plc

Strategic report for the year ended 30 September 2019 (cont'd)

Financial risk management objectives and policies (cont'd)

Exchange rate risk

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

Price risk

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

Liquidity and interest rate risk


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

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

Environmental matters, employees and social, community and human rights

The directors have considered the company's exposure to corporate and social responsibility and the company, as a JCI group subsidiary, recognises the importance of its environmental and corporate and social responsibilities and the safety of its employees and as such it operates in accordance with JCI policies, which are described on the JCI website, www.jci.com and are not included in this report.

On behalf of the board



J P Earnshaw

Director

Date: 12 June 2020

ADT Fire and Security plc

Directors' report for the year ended 30 September 2019

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

Future developments and financial risk management

The future developments and financial risk management details of the company are noted in the Strategic report.

Dividends

The directors do not recommend payment of a dividend (2018: nil).

Going concern

The directors have considered the financial position, cash flow and liquidity position of the company and have prepared the financial statements on a going concern basis. Further details regarding the adoption of the going concern basis can be found in the accounting policies note in the financial statements.

Environmental, health and safety matters

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

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

Employment policies

It is the policy of the company that there should be no unfair discrimination in considering applications for employment, based on equal opportunities for all, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, achieving a common awareness on the part of all employees of the financial and economic factors affecting the group. The company encourages the involvement of employees by means of an employee share purchase scheme, regular employee briefings, annual global employee survey and regular awareness days on different topics for company specific matters.

Directors

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

J P Earnshaw
A J Ellis
R H Jones
M F Meah

ADT Fire and Security plc

Directors' report for the year ended 30 September 2019 (cont'd)

Directors' indemnities

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

Statement of directors' responsibilities in respect of the Annual report and 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 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



J P Earnshaw
Director

Date: 12 June 2020

ADT Fire and Security plc

Independent auditors' report to the members of ADT Fire and Security plc

Report on the audit of the financial statements

Opinion

In our opinion, ADT Fire and Security plc'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 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.

ADT Fire and Security plc

Independent auditors' report to the members of ADT Fire and Security plc (cont'd)

Report on the audit of the financial statements (cont'd)

Reporting on other information

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

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

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

Based on 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 in respect of the financial statements set out on page 6, 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.

ADT Fire and Security plc

Independent auditors' report to the members of ADT Fire and Security plc (cont'd)

Report on the audit of the financial statements (cont'd)

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

/ 2 June 2020

ADT Fire and Security plc

Statement of comprehensive income for the year ended 30 September 2019

		2019 £'000	2018 £'000
	Note		
Turnover	5	348,083	346,583
Cost of sales		(205,488)	(222,862)
Gross profit		142,595	123,721
Administrative expenses		(120,907)	(119,595)
Operating profit	6	21,688	4,126
Interest receivable and similar income	8	1,521	7,677
Interest payable and similar expense	9	1,052	(199)
Profit before taxation		24,261	11,604
Tax on profit	10	326	(1,884)
Profit for the financial year		24,587	9,720
Equity-settled share based payments		(123)	(220)
Total comprehensive income for the year		24,464	9,500

All amounts relate to continuing operations. All amounts related to acquisitions in the year are not considered material to disclose separately.

ADT Fire and Security plc

Statement of financial position as at 30 September 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	11	11,694	12,793
Tangible assets	12	46,626	41,577
Investments	13	9,021	5,069
		67,341	59,439
Current assets			
Inventories	14	12,853	17,820
Debtors - amounts falling due within one year	15	866,517	787,512
Debtors - amounts falling due after more than one year	15	23,597	20,504
Cash at bank and in hand		9,399	-
		912,366	825,836
Creditors – amounts falling due within one year	17	(334,405)	(252,648)
Net current assets		577,961	573,188
Total assets less current liabilities		645,302	632,627
Creditors – amounts falling due after more than one year	18	(14,163)	(13,153)
Provisions for liabilities	19	(2,749)	(15,548)
Net assets		628,390	603,926
Capital and reserves			
Called up share capital	20	328,296	328,296
Retained earnings		300,094	275,630
Total equity		628,390	603,926

The notes on pages 13 to 33 are an integral part of these financial statements.

The financial statements on pages 10 to 33 were approved by the Board of directors on 12 June 2020 and were signed on its behalf by:



J P Earnshaw
Director
ADT Fire and Security plc
Registered Number 01161045

ADT Fire and Security plc

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

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 October 2017	328,296	266,130	594,426
Profit for the financial year	-	9,720	9,720
Equity-settled share based payments	-	1,078	1,078
Payment to parent for the exercise of equity-settled share based payment	-	(1,298)	(1,298)
Balance as at 1 October 2018	328,296	275,630	603,926
Profit for the financial year	-	24,587	24,587
Equity-settled share based payments	-	590	590
Payment to parent for the exercise of equity-settled share based payment	-	(713)	(713)
Balance as at 30 September 2019	328,296	300,094	628,390

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

ADT Fire and Security plc

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

1 General information

ADT Fire and Security plc is a company domiciled & incorporated in the United Kingdom under the Companies Act. The address of its registered office is Security House, The Summit, Hanworth Road, Sunbury On Thames, Middlesex, England, TW16 5DB.

The principal activity of the company is the installation, rental, maintenance and monitoring of electronic security systems and associated building management systems. The company holds leading market share positions in both the commercial and residential markets for its systems and services.

2 Statement of compliance

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

3 Summary of significant accounting policies

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

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention 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. The company has significant net receivables due from group companies, which the directors expect to be able to liquidate as necessary to support the business in addition to cash generated from operations. However, if the company needs additional liquidity, the directors have received assurances from another group company that the company will be able to draw additional funding via the treasury centre that is operated.

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 23.

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 26 'Share-based payments'

Disclosures are included in the consolidated financial statements of the group;

ADT Fire and Security plc

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

3 Summary of significant accounting policies (cont'd)

Reduced disclosures (cont'd)

Section 33 'Related Party Disclosures'

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

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 23. Accordingly consolidated financial statements have not been prepared and the financial information presented for the current year is for the company as an individual undertaking.

Revenue recognition

Revenue is recognised when a good or service is transferred to the customer and the customer obtains control of that good or service. Turnover represents the amount receivable for goods supplied or services rendered, net of discounts and value added taxes. It comprises:

Sale of Goods

Revenue is recognised on delivery of the goods.

Rendering of Services

Service revenue in relation to maintenance and monitoring contracts is recognised on maintenance and monitoring services provided in the financial year, whether invoiced or due on a straight line basis over the period of the contract.

Planned service agreements revenue in respect of rented equipment, is recognised on a straight-line basis over the 14 year period that a rented system is expected to be in place generating income. The 14 year period is based on a study of the average length of time a monitoring customer stays with the business. The elements of invoiced amounts that have not been earned are accounted for as deferred revenue and released over 14 years.

Equipment leased to customers under operating leases (equipment on contract hire) is capitalised in accordance with the fixed assets and depreciation note below.

Revenue on adhoc service and maintenance provided outside of the maintenance and monitoring contracts is recognised on task completion in line with customer requirements.

Income from installation contracts

Installation contracts revenue relating to equipment and systems sold on an outright basis is recognised proportionately to the stage of completion of the individual contracts, measured on a cost incurred to total forecast cost basis.

Revenue is only recognised to the extent that costs incurred are expected to be recoverable.

Functional and presentational currency

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

ADT Fire and Security plc

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

3 Summary of significant accounting policies (cont'd)

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 or prior years at the standard effective rate of corporation tax in the UK.

Deferred tax

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

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

Intangible assets

Goodwill

Goodwill represents the excess of the fair value and directly attributable costs of the purchase of the consideration over the fair value of the identifiable net assets, liabilities and contingent liabilities acquired.

Amortisation

Goodwill is amortised over its expected useful economic life which is estimated to be 10 years. The directors' best estimate of the useful economic life of goodwill 10 years, and is therefore being amortised on a straight line basis over 10 years, the maximum permitted period allowed by FRS 102 (as amended by SI 2016/980).

Historically the company has acquired contracts from dealerships, entitling the company to contracted income over a number of years. The expenditure in relation to such acquisitions is recognised as an intangible fixed asset, amortised on a declining balance basis over the first ten years then the remaining balance on a straight-line basis over the subsequent five years. This is designed to match the period that the contracts are expected to be in place generating income.

ADT Fire and Security plc

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

3 Summary of significant accounting policies (cont'd)

Intangible assets (cont'd)

Asset class	Amortisation method and rate
Goodwill	straight-line 10%
Dealership	reducing balance for first 10 years then straight-line 25%
Customer lists	straight-line over 12 years

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net realisable value and its value in use. Reversals of impairment are recognised where there are indicators.

Customer Lists

Customer Lists are stated at cost, which is the original purchase price plus incidental expenses, less accumulated amortisation. Amortisation is calculated to write off the cost, less estimated residual value of each asset evenly over a period of 12 years, on a straight line basis.

Tangible assets and depreciation

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

Asset class	Depreciation method and rate
Fixtures and fittings	straight-line 10% to 33% per annum
Equipment on contract hire	straight-line 7% to 10% per annum
Short leasehold land and buildings	period of lease

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

For equipment on contract hire, when the contract is terminated the applicable asset is not provided for a period of three months to allow for a potential takeover by a new customer. After three months if there is no takeover by a new customer the asset is written down to a zero net book value. A provision for the remaining net book value of the equipment on contract hire is recorded for any asset where the customer contract is on hold and the bill through date is prior to the previous month end.

Assets under construction are stated at cost and not depreciated until they are brought into service.

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. There are no holiday periods on these operating leases. Payments under operating leases are charged to the Statement of comprehensive income on a straight line basis over the period of the lease.

Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

ADT Fire and Security plc

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

3 Summary of significant accounting policies (cont'd)

Inventories and work in progress

Inventories comprise components for electronic security systems, fire detection systems and associated building management systems, and are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method. Cost includes materials, direct labour and an attributable proportion of overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

The carrying value of work in progress equates to the revenue recognised but not yet invoiced on installation contracts which are accounted for on a percentage of completion basis.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, it is reduced to its estimated selling price less costs to complete and sell and an impairment charge is recognised in the Statement of comprehensive income. Where an impairment charge is reversed, up to the original impairment loss, a credit is recognised in the Statement of comprehensive income.

Cash and cash equivalents

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

Cash held as part of the global cash pooling arrangements is shown in amounts owed by group undertakings.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Restructuring provisions are recognised when the company has a detailed formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring.

Provisioning is not made for future operating losses.

Onerous contracts

When the company becomes aware that the costs of meeting a contract will exceed any benefits which will flow to the company from the contract, the full loss is provided for in the Statement of financial position.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Financial instruments

Financial assets

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

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

ADT Fire and Security plc

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

3 Summary of significant accounting policies (cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

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

Financial liabilities

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

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

Offsetting

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

Dividends

Dividends to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholders. These amounts are recognised in the Statement of changes in equity.

Share-based payments

Johnson Controls International plc has four equity-settled share-based incentive schemes to which the management and employees of its overseas subsidiaries, including this company, are eligible to participate in.

Johnson Controls International plc recharges back the cost incurred (being the intrinsic value at exercise) and the income tax due on the employee when the options are exercised. The expense is offset against the retained earnings reserve in the period to which it relates and the tax is offset against the tax incurred on the exercised options calculated through the payroll.

Investments

Fixed assets 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 annually. If it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the Statement of comprehensive income.

Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements, defined contribution pension plans. Short term benefits, including annual bonus, holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ADT Fire and Security plc

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

3 Summary of significant accounting policies (cont'd)

Pensions

Defined contribution pension plan

The company operates a defined contribution pension scheme for the benefit of its employees, the assets of which are held separately from those of the company in independently administered funds. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Statement of financial position.

Defined benefit pension plan

The company is a member of a group wide defined benefit scheme. As it is not possible to accurately allocate the assets and liabilities by member company, the company accounts for its contributions to this group wide scheme on a defined contribution basis. Details of the position of the group wide defined benefit scheme are disclosed in the financial statements of Tyco Holdings (U.K) Limited, which are publically available.

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.

4 Critical accounting judgements and estimation uncertainty

Critical accounting estimates and assumptions

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

Useful economic lives of equipment on contract hire

The annual depreciation charge for equipment on contract hire is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed bi-annually. They are amended when necessary to reflect current estimates based on economic utilisation. See note 12 for the carrying value of tangible fixed assets, and note 3 for the useful economic lives for each class of assets.

Intangible assets impairment review

Intangible assets are reviewed for impairment in line with the accounting policy for intangible assets when factors indicate that the carrying value may not be recoverable. The recoverable amounts of cash generating units are based on value in use calculations which involve the use of estimates including projected future cashflows and other future events.

Impairment of investments

As per the accounting policy fixed asset investments are reviewed for indicators of impairment. If there is such an indication, the recoverable amount of the investment is compared to its carrying value. The recoverable amount of the investment is the higher of the fair value less costs to sell and value in use. The value-in-use (VIU) of relevant groups of income generating units (IGUs) for impairment testing purposes is determined using calculations of cash flow projections from the financial plans approved by the Board. These calculations involve the use of estimates including projected future cash flows and other future events. Management make estimates regarding the future financial performance of the income generating units, taking into account elements such as long-term business strategy. minimum amount of variable consideration on a quarterly basis.

ADT Fire and Security plc

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

4 Critical accounting judgements and estimation uncertainty (cont'd)

Critical accounting estimates and assumptions (Cont'd)

Revenue recognition

Earned installation fees relating to equipment sold on an outright basis are recognised proportionately to the stage of completion of the individual contracts, measured on a cost incurred to total forecast cost basis. The total estimated costs to complete are calculated using subcontractor quotes and estimated hours to complete.

Revenue recognised can include an element of variable consideration which is contingent on the outcome of future events. Variable consideration is estimated using the sum of probability-weighted amounts for various possible outcomes or the most likely amount in a range of estimated possible outcomes.

Management reassess the estimated

Earned installation fees relating to equipment on contract hire under operating leases, being the proportion of installation fees that relates to the financial year. In respect of rented equipment, installation fees are recognised on a straight-line basis over the 14 year period that a rented system is expected to be in place generating income. The 14-year period is estimated and thus earned fees are sensitive to this estimation. The 14-year period is assessed on a periodic basis and a review was last carried out in 2014.

Onerous contracts

When the company becomes aware that the costs of meeting a contract will exceed any benefits which will flow to the company from the contract, the full loss is provided for in the Statement of financial position. The costs of meeting a contract are measured on a total forecast cost basis based on subcontractor quotes and estimated hours to complete.

Deferred tax assets

Deferred tax assets are recognised based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Management make estimates regarding the future financial performance of the company, taking into account elements such as long-term business strategy and tax planning.

Critical accounting judgements

The company makes judgements in respect of the accounting treatment of certain transactions which have been undertaken. These judgements may have a significant effect on the carrying value of assets and liabilities. The significant judgements are addressed below:

Customer list acquisitions

The company acquires customer lists and the associated future revenue streams from other service providers. The sums paid to acquire these customer lists are accounted for as intangible assets and amortised over their useful economic life. The accounting judgement is applied when deciding whether an acquisition is solely a customer list or an acquisition of trade and assets.

ADT Fire and Security plc

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

5 Turnover

	2019 £'000	2018 £'000
Turnover by destination		
United Kingdom	347,886	346,508
Republic of Ireland	197	75
	348,083	346,583

	2019 £'000	2018 £'000
Turnover by category		
Sale of goods	16,796	15,909
Rendering of services	215,543	217,196
Income from installation contracts	115,744	113,478
	348,083	346,583

ADT Fire and Security plc

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

6 Operating profit

	2019 £'000	2018 £'000
Operating profit is stated after charging/(crediting)		
Staff costs		
- wages and salaries	124,476	119,487
- social security costs	12,556	12,645
- other pension costs (note 22)	4,872	4,360
Total staff costs charged to Statement of comprehensive income	141,904	136,492
Temporary labour	947	1,047
Restructuring income	(630)	(447)
Amortisation of intangible assets (note 11)	1,717	1,610
Depreciation of tangible assets (note 12)	5,385	5,335
Impairment of customer lists (included in administrative expenses) (note 11)	843	-
Loss on disposal of tangible fixed assets	5,064	5,380
Inventory recognised as an expense	70,717	62,600
Operating lease expense - plant & machinery	5,603	5,222
Operating lease expense - buildings	3,026	3,172
Auditors' remuneration - for audit services	696	268
Foreign exchange (gains)/losses	(91)	26

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

7 Directors and employees

	2019 £'000	2018 £'000
Directors' emoluments		
Remuneration	850	658
Compensation for loss of office	-	210
Company contributions to defined contribution pension schemes	26	32
	876	900
Highest paid director		
Remuneration including benefits in kind	442	358
Company contributions to defined contribution pension schemes	18	17
	460	375

ADT Fire and Security plc

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

7 Directors and employees (cont'd)

During the period one (2018: two) director did not receive remuneration through the company because they are paid by other group entities. Two (2018: three) directors accrued benefits under money purchase pension scheme and two (2018: three) directors exercised share options.

Staff numbers

The average monthly number of employees, including executive directors, during the year, analysed by category, was as follows:

	2019	2018
Sales, office, staff and management	1,480	1,531
Engineers	1,545	1,570
	3,025	3,101

8 Interest receivable and similar income

	2019 £'000	2018 £'000
Bank interest	58	16
Interest receivable from group undertakings	1,463	7,661
	1,521	7,677

9 Interest payable and similar expense

	2019 £'000	2018 £'000
Bank interest	1,677	118
Interest payable to group undertakings	(2,729)	81
	(1,052)	199

Interest payable to group undertakings includes an adjustment for interest incorrectly accrued on an intercompany loan which had reached its maturity date.

ADT Fire and Security plc

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

10 Tax on profit

	2019 £'000	2018 £'000
Current tax		
UK Corporation tax at 19% (2018:19%)	-	-
Adjustments in respect of prior periods	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	4,184	3,202
Adjustments in respect of prior periods	(4,070)	(981)
Impact of change in corporation tax rate on timing differences	(440)	(337)
Total deferred tax (note 16)	(326)	1,884
Total tax on profit	(326)	1,884

Reconciliation of tax charge

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

	2019 £'000	2018 £'000
Profit before taxation	24,261	11,604
Profit/(loss) before taxation multiplied by the standard rate of corporation tax of 19% (2018: 19%)	4,609	2,205
Income not taxable	(747)	(1,222)
Expenses not deductible for tax purposes	232	534
Group relief (received)/surrendered for nil consideration	90	1,685
Adjustments in respect of prior periods	(4,070)	(981)
Impact of change in corporation tax rate on timing differences	(440)	(337)
Total tax (credit)/charge for the year	(326)	1,884

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 Statement of financial position 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 Statement of financial position date continue to be measured at the enacted rate of 17%. The impact of this on deferred tax balance amounting to £1.1 million is not material.

ADT Fire and Security plc

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

11 Intangible assets

	Goodwill £'000	Dealership £'000	Customer Lists £'000	Total £'000
Cost				
At 1 October 2018	108,942	83,162	10,600	202,704
Additions	-	-	1,461	1,461
At 30 September 2019	108,942	83,162	12,061	204,165
Accumulated amortisation				
At 1 October 2018	108,941	80,301	669	189,911
Charge for the year	-	795	922	1,717
At 30 September 2019	108,941	81,096	1,591	191,628
Impairment				
Charge for the year	-	-	843	843
At 30 September 2019	-	-	843	843
Net book value				
At 30 September 2019	1	2,066	9,627	11,694
At 30 September 2018	1	2,861	9,931	12,793

Under the Dealership programme, in prior years, ADT Fire and Security plc entered a service contract as agreed between an authorised dealer and third party customers for the provision of services of the maintenance and monitoring of electronic security system and fire detection systems. There have been no additions since 2016.

During the year ended 30 September 2019 an impairment charge of £0.8 million has been recognised against customer lists following the directors' annual impairment assessment using appropriate assumptions as to the performance of the business.

In March 2019, the company purchased the customer lists relating to Direct Security Systems Ltd for a fair value of £0.3 million. No other assets or liabilities were transferred.

In April 2019, the company purchased the customer lists relating to Invincible Security Ltd for a fair value of £0.8 million. No other assets or liabilities were transferred.

In June 2019, the company purchased the customer lists relating to GES Maintenance Services Ltd for a fair value of £0.4 million. No other assets or liabilities were transferred.

ADT Fire and Security plc

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

12 Tangible assets

	Freehold buildings £'000	Short leasehold land and buildings £'000	Equipment on contract hire £'000	Fixtures and fittings £'000	Assets under construction £'000	Total £'000
Cost						
At 1 October 2018	626	6,668	86,503	41,559	-	135,356
Additions	-	3	13,550	517	1,428	15,498
Disposals	-	-	(16,758)	-	-	(16,758)
Reclassification	-	-	(496)	496	-	-
At 30 September 2019	626	6,671	82,799	42,572	1,428	134,096
Accumulated depreciation						
At 1 October 2018	16	5,386	48,767	39,610	-	93,779
Disposals	-	-	(11,694)	-	-	(11,694)
Charge for the year	-	428	3,634	1,323	-	5,385
Reclassification	-	-	(96)	96	-	-
At 30 September 2019	16	5,814	40,611	41,029	-	87,470
Net book value						
At 30 September 2019	610	857	42,188	1,543	1,428	46,626
At 30 September 2018	610	1,282	37,736	1,949	-	41,577

Equipment on contract hire consists of assets held for use in operating leases with customers.

ADT Fire and Security plc

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

13 Investments

	Total £'000
Shares in subsidiary undertakings	
Cost	
At 1 October 2018	22,002
Additions	3,952
At 30 September 2019	25,954
Provision for impairment	
At 1 October 2018 and At 30 September 2019	(16,933)
Net book amount	
At 30 September 2019	9,021
At 30 September 2018	5,069

During the year on 31st July 2019 the company purchased the entire share capital of AsPro (UK) Limited and AsPro Crest Limited for a cash consideration of £3.9 million (2018: purchased the entire share capital of Electronic Security Systems and Fire Protection Ltd, for a cash consideration of £5.1 million).

In the directors' opinion, the carrying value of the investments, net of impairment provisions, is supported by the value of the underlying business.

	2019 £'000	2018 £'000
Analysed as:		
First Choice Facilities Limited	-	-
Sensormatic Finance Limited	-	-
AsPro (UK) Limited	2,033	-
AsPro Crest Limited	1,919	-
Electronic Security Systems and Fire Protection Ltd	5,069	5,069
	9,021	5,069

ADT Fire and Security plc

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

13 Investments (cont'd)

The company held the following investments at 30 September 2019:

Company and principal activity	Class of shares	Proportion of nominal value of shares issued held by:		Nature of business	Registered office
		The company	Other group companies		
First Choice Facilities Limited	Ordinary	100%	-	Non Trading	Security House, The Summit, Hanworth Road, Sunbury on Thames, Middlesex, TW16 5DB, United Kingdom
Sensormatic Finance Limited	Ordinary	100%	-	Non Trading	Security House, The Summit, Hanworth Road, Sunbury on Thames, Middlesex, TW16 5DB, United Kingdom
FCF (Services) Limited	Ordinary	-	100%	Dormant	Security House, The Summit, Hanworth Road, Sunbury on Thames, Middlesex, TW16 5DB, United Kingdom
Instant Fire Protection Limited	Ordinary	-	100%	Dormant	Security House, The Summit, Hanworth Road, Sunbury on Thames, Middlesex, TW16 5DB, United Kingdom
AsPro (UK) Limited	Ordinary	100%		Trading	Security House, The Summit, Hanworth Road, Sunbury on Thames, Middlesex, TW16 5DB, United Kingdom
AsPro Crest Limited	Ordinary	100%		Trading	Security House, The Summit, Hanworth Road, Sunbury on Thames, Middlesex, TW16 5DB, United Kingdom
Electronic Security Systems and Fire Protection Ltd	Ordinary	100%	-	Trading	c/o Alexander Sloan, 7th Floor 180 St. Vincent Street Glasgow, United Kingdom

ADT Fire and Security plc

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

14 Inventories

	2019 £'000	2018 £'000
Finished goods and goods for resale	1,885	1,942
Work in progress	10,968	15,878
	12,853	17,820

In the opinion of the directors there is no material difference between the Statement of financial position value of stocks and their replacement cost.

15 Debtors

Amounts falling due within one year	2019 £'000	2018 £'000
Trade debtors	59,891	57,076
Amounts owed by group undertakings	787,300	708,914
Other debtors	6,645	9,790
Deferred tax	344	562
Withholding tax	26	26
Deferred expenses	8,444	6,712
Prepayments	3,867	4,432
	866,517	787,512

Amounts owed by group undertakings includes a loan of £15.6 million (2018: £15.6 million) due to mature on 31 January 2020, which bears interest at a rate of 1.91% (2018: 1.3923%). This loan was repaid in February 2020. Also included is an amount of £25.0 million (2018: £25.0 million) where interest is credited at 3 month LIBOR plus 1.25% (2018: 3 month LIBOR plus 1.25%) and an amount of £261.2 million (2018: £261.2 million) where interest is credited at 3 month LIBOR plus 2.35% (2018: 3 month LIBOR plus 2.35%). These loans are unsecured and repayable on demand.

Also included within amounts owed by group undertakings is an amount of £108.4 million (2018: £91.2 million) in respect of UK cash pooling arrangements, which attracted nil interest (2018: average rate of 0.041% per annum). The amount is unsecured and repayable on demand.

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

Amounts falling due after more than one year	2019 £'000	2018 £'000
Deferred expenses	12,760	10,211
Deferred tax	10,837	10,293
	23,597	20,504

Deferred expenses includes sales commission of £12.3 million (2018: £9.8 million) that is payable after more than one year.

ADT Fire and Security plc

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

16 Deferred tax

The deferred tax asset recognised consists of:

	2019 £'000	2018 £'000
Fixed asset timing differences	8,957	10,047
Short term timing differences	551	697
Intangible assets	87	(3)
Non trade loan	1,124	-
Tax losses	462	114
Total deferred tax recognised	11,181	10,855

	£'000
Asset recognised at 1 October 2018	10,855
Amount charged to Statement of comprehensive income	326
Asset recognised at 30 September 2019	11,181

There was no unprovided deferred tax at either period end.

17 Creditors – amounts falling due within one year

	2019 £'000	2018 £'000
Bank overdrafts	134,059	53,531
Trade creditors	31,002	33,158
Amounts owed to group undertakings	89,593	68,389
Taxation and social security	10,753	7,882
Other creditors	9,160	26,164
Deferred income	44,337	44,462
Accruals	15,501	19,062
	334,405	252,648

Deferred income includes revenue relating to service and installation income.

Included in amounts owed to group undertakings in the prior year was a loan of £9.2 million (2018: £9.2 million) where interest was charged at 1.3223% (2018: 1.3223%). This loan matured and was repaid in January 2019.

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

ADT Fire and Security plc

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

18 Creditors – amounts falling due after more than one year

	2019 £'000	2018 £'000
Deferred income	14,163	13,153
	14,163	13,153

Deferred income includes revenue relating to installation income that is receivable after more than one year.

19 Provisions for liabilities

	Other provisions £'000	Restructuring provision £'000	Total £'000
At 1 October 2018	14,839	709	15,548
Charged in the year	1,792	252	2,044
Utilised in the year	(14,030)	(813)	(14,843)
At 30 September 2019	2,601	148	2,749

Other provisions include amounts for warranties, contract and vacant premises costs which the directors expect to be utilised in full by 30 September 2020. Restructuring provisions relate to vacant premises costs resulting from the integration of acquired businesses in prior periods and periodic reorganisation of the business.

20 Called up share capital

		30 September 2019 £'000		30 September 2018 £'000
Allotted, called-up and fully paid	No		No	
Ordinary shares of £1 each (£0.25 called up and fully paid)	47,800	12	47,800	12
Ordinary shares of £1 each	328,284,494	328,284	328,284,494	328,284
	328,332,294	328,296	328,332,294	328,296

ADT Fire and Security plc

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

21 Operating lease commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Payments due	2019 £'000	2018 £'000
Within one year	7,219	9,448
Within two to five years	13,896	16,729
Over five years	1,414	1,581
	22,529	27,758

Leases for land and buildings are subject to periodic rent review.

22 Pension costs

ADT Fire and Security plc participated in a number of pension schemes; a defined contribution scheme - Tyco UK Group Pension Scheme ('Tyco UKGPS').

New employees joining the company are auto enrolled and offered membership of the Tyco UKGPS, which is a defined contribution scheme. The cost of contributions in the period was £4.9 million (2018: £4.4 million).

As of 30 September 2019, contributions of £1.2 million (2018: £1.0 million) due in respect of the current reporting period had not been paid over to the schemes.

ADT Fire and Security plc is in a group where an intermediate parent company, Tyco Holdings (U.K) Limited, operates a legacy defined benefit pension plan. This scheme has no active members and the company is not a sponsoring employer. As it is not possible for the company to determine the assets and liabilities of a defined benefit pension plan to individual companies within the group; as permitted by FRS102, the company has accounted for this defined benefit plan as a defined contribution scheme.

Tyco Holdings (U.K) Limited is the sponsoring employer of the Tyco UK Holdings CARE Pension Scheme, a defined benefit plan providing career average revalued earnings benefits, which is now closed to new entrants. The CARE Scheme has been closed to future accrual since 30 April 2010. The assets are held in a separate trustee administered fund. The assets and liabilities of the Tyco UK Group Pension Scheme (ex-Glynwed) were transferred into the Tyco Holdings (U.K) Limited CARE Pension Scheme on 28 September 2015 and are now included within that scheme. The last funding valuation of the Scheme was carried out by a qualified actuary as at 1 October 2016.

ADT Fire and Security plc

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

23 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Tyco Holdings (U.K.) Limited.

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

24 Post balance sheet events

In October 2019, the company acquired New Tech Security Limited and subsidiary NT Security Limited for a total purchase consideration of £4.5 million. It also acquired WOT Security Limited in December 2019 for a purchase consideration of £5.6 million.

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 13.