

Registered Number 01161045

ADT Fire and Security plc
Annual report and financial statements
for the year ended 30 September 2018

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ADT Fire and Security plc

Annual report and financial statements for the year ended 30 September 2018

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ADT Fire and Security plc

Strategic report for the year ended 30 September 2018

The directors present their Strategic report on the company for the year ended 30 September 2018.

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 £12.0 million to £346.6 million in 2018 (2017: £334.6 million) and operating profit decreased by £3.5 million to an operating profit of £4.1 million (2017: operating profit of £7.6 million as restated).

Profit before tax decreased by £3.2 million to £11.6 million (2017: £14.8 million as restated).

The statement of financial position shows that the net assets of the company increased by £9.5 million in the year. At the year end, net assets were £603.9 million (2017: £594.4 million as restated).

Profits have been impacted during the year by substantial additional costs on a loss making contract.

The results for the prior year have been restated. Please see note 23 for more details and the effect of the restatements.

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 2018 Annual Report, which does not form part of this report.

On 17 October 2017 the company purchased the trade and assets of its subsidiary undertaking First Choice Facilities Limited. An acquisition cost of £0.3 million has been paid in cash and a further £1.5 million is expected to be paid as a purchase price adjustment.

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.

The company also purchased on 28th February 2018, the customer contracts and employees relating to the Fire & Security business unit of Johnson Controls Building Efficiency UK Limited (a fellow Group company) for £3.0 million.

On 2nd August 2018 the company purchased the entire share capital of Electronic Security Systems and Fire Protection Ltd for £5.1 million. This company provides installation of security and fire protection systems together with their service and maintenance.

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.

ADT Fire and Security plc

Strategic report for the year ended 30 September 2018 (cont'd)

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 business and over the last 12 months ADT has invested significantly in this area with the goal of ensuring the highest level of service possible.

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.

The company is financed primarily by share capital and therefore faces no interest rate risk. There are balances owed to Group undertakings which have arisen as a result of the hive up of assets and liabilities on business acquisitions. These balances do not carry any interest.

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.

As part of this year's risk assessment we have considered the impact of the result of the EU referendum on our principal risks. An internal working group has been established to review all aspects of the company's operations along with those of fellow subsidiaries within the UK. The committee is considering 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.

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 2018 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.

ADT Fire and Security plc

Strategic report for the year ended 30 September 2018 (cont'd)

Financial risk management objectives and policies (cont'd)

Credit risk

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

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

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

Exchange rate risk

Potential exposure to currency exchange rate fluctuations is managed internally within the Group treasury function. The Group enter into forward exchange contracts on behalf of the company to the value of its future multicurrency cashflows. 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

The company's liquidity risk is primarily attributable to its trade debtors. The company has no significant concentration of liquidity risk, with exposure spread over a large number of counterparties and customers.

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 Eamshaw
Director

Date: 29 March 2019

ADT Fire and Security plc

Directors' report for the year ended 30 September 2018

The directors present their report and the audited financial statements of the company for the year ended 30 September 2018.

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 (2017: 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 Andreu	resigned 31 December 2017
J Bramall	resigned 31 May 2018
J P Earnshaw	appointed 4 January 2018
A J Ellis	
R H Jones	appointed 6 August 2018
M F Meah	

ADT Fire and Security plc

Directors' report for the year ended 30 September 2018 (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 financial statements

The directors are responsible for preparing the Strategic report and Directors' 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;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; 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

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

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- 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 Earnshaw

Director

Date: 29 March 2019

Date: 30 March 2018

Director

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On behalf of the Board

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are aware of that information

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The directors are also responsible for safeguarding the assets of the company and hence for taking

that the company will continue in business

- prepare the financial statements on the going concern basis unless it is inappropriate to presume the preparation of financial statements, and
- notify the shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in following, subject to any material departures disclosed and explained in the financial statements;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been
- make judgements and accounting estimates that are reasonable and prudent, and
- select suitable accounting policies and then apply them consistently.

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Reporting Standards applicable in the UK and Republic of Ireland, and applicable law).

Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102. The Financial

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The directors are responsible for preparing the Strategic report and Directors' report and the financial statement of directors, responsibilities in respect of the financial statements

and its directors

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

Directors' report for the year ended 30 September 2018 (cont'd)

ADT Fire and Security plc

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 2018 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 2018; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the Notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customs, suppliers and the wider economy.

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 2018 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 5, 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.

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)

Auditors' responsibilities for the audit of the financial statements (cont'd)

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
Date: 30 March 2019

ADT Fire and Security plc

Statement of comprehensive income for the year ended 30 September 2018

		Year ended 30 September 2018 £'000	As restated Year ended 30 September 2017 £'000
	Note		
Turnover	5	346,583	334,627
Cost of sales		(222,862)	(216,970)
Gross profit		123,721	117,657
Administrative expenses		(119,595)	(110,032)
Operating profit	6	4,126	7,625
Interest receivable and similar income	8	7,677	7,602
Interest payable and similar expense	9	(199)	(400)
Profit before taxation		11,604	14,827
Tax on profit	10	(1,884)	3,045
Profit for the financial year		9,720	17,872
Equity-settled share based payments		(220)	(1,435)
Total comprehensive income for the year		9,500	16,437

All amounts relate to continuing operations.

ADT Fire and Security plc

Statement of financial position as at 30 September 2018

		2018	As restated 2017
	Note	£'000	£'000
Fixed assets			
Intangible assets	11	12,793	5,653
Tangible assets	12	41,577	41,778
Investments	13	5,069	-
		59,439	47,431
Current assets			
Inventories	14	17,820	17,650
Debtors - amounts falling due within one year	15	787,512	379,549
Debtors - amounts falling due after more than one year	15	20,504	281,226
Cash at bank and in hand		-	52,373
		825,836	730,798
Creditors – amounts falling due within one year	17	(252,648)	(161,903)
Net current assets		573,188	568,895
Total assets less current liabilities		632,627	616,326
Creditors – amounts falling due after more than one year	18	(13,153)	(11,894)
Provisions for liabilities	19	(15,548)	(10,006)
Net assets		603,926	594,426
Capital and reserves			
Called up share capital	20	328,296	328,296
Retained earnings		275,630	266,130
Total equity		603,926	594,426

The notes on pages 12 to 31 are an integral part of these financial statements.

The financial statements on pages 9 to 31 were approved by the Board of directors on 29 March 2019 and were signed on its behalf by:



J 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 2018

	Called up share capital £'000	<i>As restated</i> Retained earnings £'000	Total Equity £'000
Balance as at 1 October 2016	328,296	249,693	577,989
Profit for the financial year	-	1,585	1,585
Equity settled share based payments	-	(1,435)	(1,435)
Balance as at 1 October 2017	328,296	249,843	578,139
Prior year adjustment	-	16,287	16,287
Balance as at 1 October 2017 as restated	328,296	266,130	594,426
Profit for the financial year	-	9,720	9,720
Equity settled share based payments	-	(220)	(220)
Balance as at 30 September 2018	328,296	275,630	603,926

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 2018

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, 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. The directors have considered all available information relating to the future of the business and confirm their assessment that preparing the financial statements on a going concern basis is appropriate.

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 24.

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;

Section 33 'Related Party Disclosures'

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

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2018 (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 24. 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

Turnover represents the amount receivable for goods supplied or services rendered, net of discounts and value added taxes. It comprises:

- earned monitoring income for monitoring services provided in the financial year, whether invoiced or due;
- earned maintenance income for maintenance services provided in the financial year, whether invoiced or due;
- 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 based on a study of the average length of time a monitoring customer stays with the business ;
- 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, such that income is recognised to the extent that a right to consideration has been obtained;
- the value of equipment and systems sold to customers, to the extent that a right to consideration has been obtained;
- where equipment is leased to customers under certain long-term contracts for the greater part of the equipment's economic life, the contracts are classified as finance leases and the net present value of future lease streams and interest is taken to turnover over the term of the lease so as to produce a constant rate of return on the net cash investment; and
- equipment leased to customers under operating leases (equipment on contract hire) is capitalised in accordance with the fixed assets and depreciation note below. The elements of invoiced amounts that have not been earned are accounted for as deferred revenue and released over 14 years.

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.

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.

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2018 (cont'd)

3 Summary of significant accounting policies (cont'd)

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, however, the directors have been unable to reliably estimate the exact useful economic life of the goodwill. It 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).

The company also acquires contracts from "Authorised Dealers" and other third parties, 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.

Asset class

Goodwill

Dealership

Amortisation method and rate

straight-line 10%

reducing balance for first 10 years then straight-line 25%

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. No reversals of impairment are recognised.

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. Amortisation on items pre 2017 is calculated over a period of 10 years on a straight line basis.

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2018 (cont'd)

3 Summary of significant accounting policies (cont'd)

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
Freehold buildings	straight-line nil

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.

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.

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 manufacturing 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.

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2018 (cont'd)

3 Summary of significant accounting policies (cont'd)

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.

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.

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.

Forward exchange contracts

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

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.

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2018 (cont'd)

3 Summary of significant accounting policies (cont'd)

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) when the options are exercised and this amount is offset against the retained earnings reserve in the period to which it relates.

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. 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.

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.

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.

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.

4 Critical accounting judgements and estimation uncertainty

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.

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.

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2018 (cont'd)

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

Useful economic lives of intangible assets

The amortisation of Dealership intangible assets and goodwill is sensitive to the changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed periodically. They are amended when necessary to reflect current estimates based on economic utilisation. See note 11 for the carrying value of intangible fixed assets, and note 3 for the useful economic lives for each class of assets.

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. This is sensitive to changes in the forecast being 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.

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.

5 Turnover

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Turnover by destination		
United Kingdom	346,508	334,525
Ireland	75	102
	346,583	334,627

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2018 (cont'd)

5 Turnover (cont'd)

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Turnover by category		
Sale of goods	15,909	14,497
Rendering of services	217,196	209,682
Income from installation contracts	113,478	110,448
	346,583	334,627

6 Operating profit/(loss)

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Operating profit is stated after charging		
Staff costs		
- wages and salaries	119,487	119,804
- social security costs	12,645	12,600
- other pension costs (note 22)	4,360	4,389
Total staff costs	136,492	136,793
Restructuring expense	(447)	(2,411)
Amortisation of intangible assets (note 11)	1,610	2,021
Depreciation of tangible assets (note 12)	5,335	6,016
Loss on disposal of tangible fixed assets	5,380	4,135
Inventory recognised as an expense	85	96
Operating lease expense - plant & machinery	5,222	4,981
Operating lease expense - buildings	3,172	3,364
Auditors' remuneration - for audit services	268	267
Foreign exchange losses	26	29

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2018 (cont'd)

7 Directors and employees

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Directors' emoluments		
Remuneration	658	718
Compensation for loss of office	210	210
Company contributions paid to money purchase schemes	32	24
	900	952

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Highest paid director		
Remuneration including benefits in kind	358	326
Company pension contributions to money purchase scheme	17	13
	375	339

During the period the highest paid director exercised share options. Two (2017: three) directors do not receive remuneration through the company because they are paid by other group entities. During the year the number of directors who were receiving benefits and share incentives was as follows: Three (2017: four) directors received or were entitled to receive shares under long term incentive schemes; three (2017: two) exercised share options and three (2017: four) accrued benefits under money purchase pension scheme.

Staff numbers

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

	Year ended 30 September 2018	Year ended 30 September 2017
Sales, office, staff and management	1,531	1,679
Engineers	1,570	1,591
	3,101	3,270

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2018 (cont'd)

8 Interest receivable and similar income

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Bank interest	16	57
Interest receivable from group undertakings	7,661	7,545
	7,677	7,602

9 Interest payable and similar expenses

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Bank interest	118	-
Interest payable to group undertakings	81	400
	199	400

10 Tax on profit

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Current tax		
UK Corporation tax at 19% (2017: 19.5%)	-	-
Adjustments in respect of prior periods	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	3,202	(3,987)
Adjustments in respect of prior periods	(981)	431
Impact of change in corporation tax rate on timing differences	(337)	511
Total deferred tax (note 16)	1,884	(3,045)
Total tax on profit	1,884	(3,045)

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2018 (cont'd)

10 Tax on profit (cont'd)

Reconciliation of tax charge

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the United Kingdom of 19% (2017: 19.5%). The differences are explained below:

	Year ended 30 September 2018 £'000	Year ended 30 September 2017 £'000
Profit before taxation	11,604	14,827
Profit/(loss) before taxation multiplied by the standard rate of corporation tax of 19% (2017: 19.5%)	2,205	(285)
Income not taxable	(1,222)	(975)
Expenses not deductible for tax purposes	534	732
Group relief received for nil consideration	1,685	(3,459)
Adjustments in respect of prior periods	(981)	431
Impact of change in corporation tax rate on other timing differences	(337)	511
Total tax (credit)/charge for the year/period	1,884	(3,045)

Finance (No.2) Act 2015 was substantively enacted on 26 October 2015. It reduced the standard rate of corporation tax in the UK from 20% to 19% from 1 April 2017 and to 18% with effect from 1 April 2020. Finance Act 2016 was substantively enacted on 6 September 2016 and further reduced the rate to 17% from 1 April 2020.

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2018 (cont'd)

11 Intangible assets

	Goodwill £'000	Dealership £'000	Customer Lists £'000	Total £'000
Cost				
At 1 October 2017	108,942	83,162	1,850	193,954
Additions	-	-	8,750	8,750
At 30 September 2018	108,942	83,162	10,600	202,704
Accumulated amortisation				
At 1 October 2017	108,922	79,225	154	188,301
Charge for the year	19	1,076	515	1,610
At 30 September 2018	108,941	80,301	669	189,911
Net book value				
At 30 September 2018	1	2,861	9,931	12,793
At 30 September 2017	20	3,937	1,696	5,653

Under the Dealership programme, 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.

In December 2017, the company purchased the customer contracts relating to Crimehalt Fire & Security Ltd for a fair value of £1.0 million. No other assets or liabilities were transferred.

In February 2018, the company purchased the customer contracts relating to the Fire & Security business unit of Johnson Controls Building Efficiency UK Limited (a fellow group company) for a fair value of £3.0 million. No other assets or liabilities were transferred.

In April 2018, the company purchased the customer contracts relating to Automatic Security Services Ltd and Euro Fire and Security Ltd for a fair value of £0.4 million and £0.3 million respectively. No other assets or liabilities were transferred.

In May 2018, the company purchased the customer contracts relating to Full Stop Fire & Security Ltd for a fair value of £1.9 million. No other assets or liabilities were transferred.

In September 2018, the company purchased the customer contracts relating to The Bloomfield Group Ltd for a fair value of £2.1 million. No other assets or liabilities were transferred.

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2018 (cont'd)

12 Tangible assets

	Freehold Buildings £'000	Short leasehold land and buildings £'000	Equipment on contract hire £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 October 2017	626	6,960	91,424	41,813	140,823
Additions	-	219	9,698	597	10,514
Disposals	-	(692)	(14,685)	(604)	(15,981)
Reclassifications	-	181	66	(247)	-
At 30 September 2018	626	6,668	86,503	41,559	135,356
Accumulated depreciation					
At 1 October 2017	32	5,695	54,881	38,437	99,045
Disposals	-	(633)	(9,450)	(518)	(10,601)
Charge for the year	-	324	3,300	1,711	5,335
Reclassifications	(16)	-	36	(20)	-
At 30 September 2018	16	5,386	48,767	39,610	93,779
Net book value					
At 30 September 2018	610	1,282	37,736	1,949	41,577
At 30 September 2017	594	1,265	36,543	3,376	41,778

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 2018 (cont'd)

13 Investments

	Total £'000
Shares in subsidiary undertakings	
Cost	
At 1 October 2017	16,933
Additions	5,069
At 30 September 2018	22,002
Provision for impairment	
At 1 October 2017 and At 30 September 2018	(16,933)
Net book amount	
At 30 September 2018	5,069
At 30 September 2017	-

During the year on 2 August 2018, the company purchased the entire share capital of Electronic Security Systems and Fire Protection Ltd, for a cash consideration of £5.1 million. No goodwill arose on this acquisition.

On 17 October 2017, the company purchased the trade and assets of First Choice Facilities Limited. Acquisition cost of £0.3 million has been paid in cash, a further £1.5 million is expected to be paid as a purchase price adjustment.

	Book and Fair Value £'000
Current Assets	
Inventories	102
Trade debtors	1,087
Cash at bank and in hand	727
Current Liabilities	
Accruals	(15)
Other liabilities	(70)
Amounts owed to group companies	(48)
Identifiable assets acquired	1,783
Settled in cash	325
Contingent consideration	1,458
Cost of acquisition	1,783

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

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2018 (cont'd)

13 Investments (cont'd)

	2018	2017
Analysed as:	£'000	£'000
First Choice Facilities Limited	-	-
Sensormatic Finance Limited	-	-
Electronic Security Systems and Fire Protection Ltd	5,069	-
	5,069	-

As at 30 September 2017 the company held 100% of the share capital in Vtec Zoom Limited. Vtec Zoom Limited was dissolved on 14 August 2018, the shares were held at £nil cost.

The company held the following investments at 30 September 2018:

Company and principal activity	Class of shares	Proportion of nominal value of shares issued held by:		Registered office
		The company	Other group companies	
First Choice Facilities Limited	Ordinary	100%	-	Security House, The Summit, Hanworth Road, Sunbury on Thames, Middlesex, TW16 5DB, United Kingdom
Sensormatic Finance Limited	Ordinary	100%	-	Security House, The Summit, Hanworth Road, Sunbury on Thames, Middlesex, TW16 5DB, United Kingdom
FCF (Services) Limited	Ordinary	-	100%	Security House, The Summit, Hanworth Road, Sunbury on Thames, Middlesex, TW16 5DB, United Kingdom
Instant Fire Protection Limited	Ordinary	-	100%	Security House, The Summit, Hanworth Road, Sunbury on Thames, Middlesex, TW16 5DB, United Kingdom
Electronic Security Systems and Fire Protection Ltd	Ordinary	100%	-	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 2018 (cont'd)

14 Inventories

	2018 £'000	2017 £'000
Finished goods and goods for resale	1,942	1,674
Work in progress	15,878	15,976
	17,820	17,650

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

	<i>As restated</i>	
	2018 £'000	2017 £'000
Amounts falling due within one year		
Trade debtors	57,076	58,346
Amounts owed by group undertakings	708,914	300,138
Other receivables	9,790	9,120
Deferred tax	562	679
Withholding tax	26	26
Deferred expenses	6,712	7,360
Prepayments and accrued income	4,432	3,880
	787,512	379,549

Included within amounts owed by group undertakings are amounts of £12.5 million (2017: £12.5 million) where interest is credited at 3 month LIBOR plus 1.95% and an amount of £25.0 million (2017: £25.0 million) where interest is credited at 3 month LIBOR plus 1.25%. Also included is an amount of £261.2 million (2017: £261.2 million) where interest is credited at 3 month LIBOR plus 2.35%, and an amount of £15.6 million where interest is credited at 1.3923%. These loans are unsecured and repayable on demand.

Also included within amounts owed by group undertakings is an amount of £91.2 million (2017: £12 million) in respect of UK cash pooling arrangements. Which bears interest at an average rate of 0.041% (2017: 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.

	2018 £'000	2017 £'000
Amounts falling due after more than one year		
Deferred expenses	10,211	7,954
Amounts owed by group undertakings	-	261,212
Deferred tax	10,293	12,060
	20,504	281,226

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2018 (cont'd)

16 Deferred tax

The deferred tax asset recognised consists of:

	2018 £'000	2017 £'000
Fixed asset timing differences	10,047	11,820
Short term timing differences	697	814
Intangible assets	(3)	(9)
Tax losses available	114	114
Total deferred tax recognised	10,855	12,739
		2018 £'000
Asset recognised at 1 October 2017		12,739
Amount charged to statement of comprehensive income		(1,884)
Asset recognised at 30 September 2018		10,855

There was no unprovided deferred tax at either period end.

17 Creditors – amounts falling due within one year

	2018 £'000	2017 £'000
Bank loans and overdrafts	53,531	32
Trade creditors	33,158	25,594
Amounts owed to group undertakings	68,389	65,479
Taxation and social security	7,882	3,034
Other creditors	26,164	8,971
Deferred income	44,462	44,130
Accruals	19,062	14,663
	252,648	161,903

Deferred income includes revenue relating to service and installation income.

Included within amounts owed to group undertakings is an amount of £9.2 million (2017: £nil) where interest is charged at 1.3223%. This loan is unsecured and repayable on demand.

All other 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 2018 (cont'd)

18 Creditors – amounts falling due after more than one year

	2018 £'000	2017 £'000
Accruals and deferred income	13,153	11,894
	13,153	11,894

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 30 September 2017	8,850	1,156	10,006
Charged in the year	13,987	1,416	15,403
Utilised in the year	(7,998)	(1,863)	(9,861)
At 30 September 2018	14,839	709	15,548

Other provisions include amounts for warranties, contract and vacant premises costs which the directors expect to be utilised in full by 30 September 2019. 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 2018		30 September 2017	
Allotted, called-up and fully paid	No	£'000	No	£'000
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 2018 (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	2018 £'000	2017 £'000
Within one year	9,448	10,065
Within two to five years	16,729	16,682
Over five years	1,581	577
	27,758	27,324

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

22 Pension costs

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

Tyco UK Group Pension Scheme

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 £4.4 million (2017: £4.4 million)

As of 30 September 2018, contributions of £1.0 million (2017: £0.80 million) due in respect of the current reporting period had not been paid over to the schemes.

23 Prior period adjustment

	2017 £'000
Total comprehensive income for the year as reported previously	150
Prior period adjustment - Administrative expenses	16,287
Restated total comprehensive income for the year	16,437

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2018 (cont'd)

23 Prior period adjustment (cont'd)

	2017 £'000
Accumulated income as reported previously	249,843
Prior period adjustment	16,287
Restated accumulated income	266,130

	2017 £'000
Amounts owed by group undertakings previously reported	283,851
Prior period adjustment	16,287
Restated amounts owed by group undertakings	300,138

The £16.3 million intercompany recharges credit was initially received by Tyco Holdings (U.K.) Limited on behalf of the company and was not recorded as a receivable by ADT Fire and Security plc in the prior year. It was identified when preparing the financial statements of Tyco Holdings (U.K.) Limited and so was correctly recorded in the financial statements of Tyco Holdings (U.K.) Limited in the year ended 30 September 2017. This arose due to an error in the allocation logic arising from the significant restructuring of the Group during the year ended 30 September 2017 following the acquisition by the ultimate parent, Johnson Controls International plc. The correction increases the reported Total comprehensive income for the year ended 30 September 2017 by £16.3 million and increases the amounts owed to Group undertakings by the same amount.

24 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 2018. The consolidated financial statements of Johnson Controls International plc are available from:

Johnson Controls International plc
1 Albert Quay
Cork
Ireland