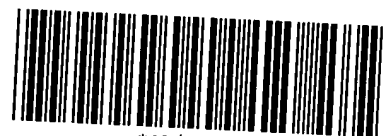


Registered Number 01161045

ADT Fire and Security plc
Annual report and financial statements
for the year ended 30 September 2021

WEDNESDAY



ABØVVQ3T

A10

30/03/2022

#238

COMPANIES HOUSE

ADT Fire and Security plc

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

Contents	Page
Strategic report	1
Directors' report	8
Independent auditors' report to the members of ADT Fire and Security Plc	13
Statement of comprehensive income	16
Statement of financial position	17
Statement of changes in equity	18
Notes to the financial statements	19

ADT Fire and Security plc

Strategic report

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

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

The results for the period are given in the Statement of comprehensive income on page 16. This shows the company's sales increased by £24.5 million to £344.7 million in 2021 (2020: £320.2 million) and operating profit increased by £19.4 million to an operating profit of £47.2 million (2020: operating profit of £27.8 million).

Profit before tax increased by £31.6 million to £47.5 million (2020: £15.9 million). In the prior year, profits were impacted by lower activity due to coronavirus and an increase in interest payable on cash pool arrangement.

Intercompany loan interest received has increased by £0.8 million to £0.9 million in 2021 (2020: £0.1 million) due to new intercompany loans being agreed during the year.

The Statement of financial position shows that the net assets of the company increased by £46.9 million in the year. At the year end, net assets were £680.0 million (2020: £633.1 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 2021 Annual report, which does not form part of this report.

On 2nd March 2021 the company purchased the entire share capital of Esotec Limited for £8.8 million. The company provides specialist integration services that include the design, installation and support of advanced surveillance and security capabilities.

In June 2021 the company received a dividend in specie of £1.2m from First Choice Facilities Limited which was satisfied by settlement of the intercompany creditor balance. First Choice Facilities Limited was then dissolved (see note 14).

On 30th July 2021 the company purchased the entire share capital of Fisher Group Holdings Limited for £1.4 million. The group provides the supply and installation of air conditioning equipment and associated building services.

The company purchased the entire share capital of Sparkling Systems Limited for £13.1 million on 23rd August 2021. Sparkling Systems Limited provides the design, supply, installation and maintenance of fire suppression and sprinkler systems.

Future developments

In February 2022 the company purchased the entire share capital of Envision Intelligent Solutions Limited for an initial purchase consideration of £5.6 million.

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 (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 success of the business and the company has continued investing 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.

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 2022 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.

ADT Fire and Security plc

Strategic report (cont'd)

Principal risks and uncertainties (cont'd)

Following the coronavirus situation, whilst this represents a non-adjusting event for these financial statements, throughout the pandemic we worked on identifying any potential risks, assessing inventory, defining and implementing risk mitigation plans, and determining a safe and sustainable return to normal operations. Over 60% of our revenues are from recurring service, maintenance and monitoring contracts, the remainder of our revenues are from new installations and whilst there was a slowdown in this work, many construction sites and critical infrastructure sites remained open and we were continuing to install vital systems for these customers. Where service customers could not grant access to sites, we attempted to carry services and diagnostics out remotely to mitigate the risk.

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

In addition, in the short term, management took 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 2021 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.

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 (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 multi-currency cash flows. Consequently, exchange rate risk is not significant.

Price risk

The directors recognise the price risk associated with the Building Technologies & Solutions business is subject to market forces which 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.

ADT Fire and Security plc

Strategic report (cont'd)

Section 172(1) Statement

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

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

In discharging our section 172 duties, we have regard to the matters set out above. In addition, we also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include our relationship with our key stakeholders and society. By considering the company's purpose, vision and values together with its strategic priorities and having a process in place for decision making, we aim to make sure that our decisions are consistent and predictable.

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

The company's key stakeholders are its workforce, customers, suppliers, the local communities in which it operates, regulators, Government agencies, and non-governmental organisations. The views of and the impact of the company's activities on those stakeholders are an important consideration for the directors when making relevant decisions. The size and spread of both the company's stakeholders and the company means that generally our stakeholder engagement takes place at an operational and JCI group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details of the engagement that takes place with the Group's stakeholders so as to encourage the directors to understand the issues to which they must have regard, please see pages 11 to 25 of the non-financial disclosure report 2021 within JCI Group's 2020 Annual Reporting which is publicly available on our website at Annual Meeting Materials | Johnson Controls Inc.

ADT Fire and Security plc

Strategic report (cont'd)

Section 172(1) Statement (cont'd)

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

- The company ensured that it was following the various targets that JCI Group had fixed in terms of sustainable development, and the company was notably incentivised to do so via the implementation of sustainable development factors (such as vehicle fuel consumption reduction, waste management, health & safety, sustainability evaluation of suppliers) in the calculation of the annual bonuses.
- Audits of ISO 14001 Environmental Management System and ISO 50001 Energy Management system were undertaken on JCI Group. Not only are we compliant to the CRC Energy Efficiency Scheme and the WEEE Directive, we were also the first NSI (National Security Inspectorate) NACOSS Gold company in the UK to be certified by the NSI with the internationally recognised ISO 14001 Environmental Management System standard.
- Our environmental and energy systems provide assurance to company management and employees, as well as external stakeholders, that our environmental impacts are being measured and improved upon. We have been able to retain these certifications, notably thanks to everyone's co-operation and support.
- The ADT Fire and Security plc board considered and agreed upon the implementation of mental health and well-being programmes. The Board's decision-making process included discussions in relation to protecting the mental health of its workforce and reducing absence rates. The Board concluded that ongoing investment in the workforce would help deliver long-term success to the company.
- Health and safety is critical to our success as a company. We are committed to a safe and healthy work environment for our employees, our customers and contractors, our visitors, and our communities. We launched a multi-part campaign to promote our vision of Zero Harm to people and the environment. We recognize that our leaders, employees, customers, and communities expect us to work safely and protect the environment. Our Zero Harm vision includes specific pillars around employee safety, health and wellness, and the environment. One example of action implementing this vision is our Distracted Driving Policy, which prohibits all employees and contractors from using any mobile device when driving while on company business. In 2020, in response to the COVID-19, we created additional Zero Harm processes, tools, and solutions to support our employees and sites through the pandemic.
- Our environmental and energy systems provide assurance to company management and employees, as well as external stakeholders, that our environmental impacts are being measured and improved upon. We have been able to retain these certifications, notably thanks to everyone's co-operation and support.
- During COVID-19 pandemic, the company welcomed Coronavirus Job Retention Scheme announced by the UK Government to provide support to customers-facing employees. The scheme enables the company to continue paying employees who would otherwise be made redundant and allows the company to better protect employees' jobs in the longer term and lessen the financial burden during this crisis.

ADT Fire and Security plc

Strategic report (cont'd)

Section 172(1) Statement (cont'd)

- Also, during COVID-19 pandemic, the company completed the trial for our new branded face coverings sent into the field. The feedback has been overwhelmingly positive. In addition, for employees' safety, we have introduced Thermi-Scan Cameras – a smart temperature scanning solution, at various locations. The rollout continues and will help support our own internal track and trace efforts if a positive case of COVID-19 is reported in any of our locations.
- These cameras can integrate with the Access Control system to provide a digital record of who has been present in a location on any given day, allowing us to more quickly and easily identify anyone who may have come into contact with that individual.

Corporate governance

To the extent applicable to the company activities, the company's directors and management follow its ultimate parent undertaking Johnson Controls International plc's corporate governance guidelines and general approach to corporate governance, which are available on its website [johnsoncontrols.com](https://www.johnsoncontrols.com). The company's directors:

- ensure that processes are in place designed to maintain the integrity and ethical conduct of the company, including the integrity of its financial statements, its compliance with law and ethics. The directors and management evaluate these management systems and processes for the identification, assessment, management, mitigation, and reporting of major risks and deficiencies impacting the company by being part of Johnson Controls International plc group internal control over financial reporting framework.
- ensure the activities of the company are designed to maintain the integrity and ethical conduct of the company in its relationships with shareholders, customers, employees, and the communities in which it operates. Examples of these are described in the Section 172(1) statement, for example, with respect to sustainable development, health and safety compliance and addressing the risks of COVID-19 during the year.
- represent the company's shareholder in carrying out the board's statutory role of overseeing management to assure that the company serves the long-term interests of the company and its shareholder. This is done principally through the application of group accounting policies and other objectives and budgets.

On behalf of the board



J P Earnshaw

Director

Date: 29 March 2022

ADT Fire and Security plc

Directors' report

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

Future developments

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

Post balance sheet events

In February 2022 the company purchased the entire share capital of Envision Intelligent Solutions Limited (see note 26).

Dividends

No interim dividend was paid or proposed by the directors (2020: none). The directors do not recommend payment of a dividend (2020: none).

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.

ADT Fire and Security plc

Directors' report (cont'd)

Directors

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

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

Directors' indemnities

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

Statement of directors' responsibilities

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

ADT Fire and Security plc

Directors' report (cont'd)

Streamlined energy and carbon reporting

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

	2020-2021	2019-2020
	UK and Offshore	UK and Offshore
Energy consumption used to calculate emissions: /kWh	37,783,547	39,109,486
Emissions activities for which the company own or control including combustion of fuel & operation of facilities tCO ₂ e (Scope 1)	9,743	9,931
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	**	**
Emissions from purchased electricity (Scope 2, location-based)	269	365
Total gross CO ₂ e based on above	10,012	10,296
Intensity ratio: tCO ₂ e gross figure based on mandatory fields above	2.90	3.22

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

Methodology

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

Energy efficiency

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

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

ADT Fire and Security plc

Directors' report (cont'd)

Streamlined energy and carbon reporting (cont'd)

Energy efficiency (cont'd)

Environmental sustainability commitments:

- Set science-based targets consistent with the most ambitious 1.5°C Intergovernmental Panel on Climate Change scenario
- Reduce Johnson Controls absolute operational emissions by 55 percent and reduce absolute customers' emissions by 16 percent before 2030
- Achieve net-zero carbon emissions before 2040, in line with the United Nations Framework Convention on Climate Change Race to Zero and Business Ambition for 1.5°C criteria
- Invest 75 percent of new product development R&D in climate-related innovation to develop sustainable products and services
- Achieve 100 percent renewable electricity usage globally by 2040

The Sustainability Leadership Committee provides regular updates to our Executive Committee and our board of directors. It is chaired by our Chief Sustainability Officer and its members are senior leaders from across our business, functions and regions. It is charged with ensuring we are leaders in all measures of sustainability, embedding sustainability into our culture and operations across the enterprise, building sustainability metrics into employee performance goals, and launching working groups under the Global Sustainability Council (GSC). The GSC and Global Sustainability Team play the roles of connector and coordinator, ensuring streamlined engagement across diverse business functions to deliver on the enterprise sustainability strategy. The GSC was established in 2009 to provide a structure for enterprise-wide sustainability management. The working groups are composed of small teams and are designed to address specific sustainability-related topics.

We have implemented an Energy Hunt Program across our manufacturing facilities. Energy Champions in each plant lead a cross-functional Energy Hunt team in continuous improvement activities that result in annual energy intensity improvements. This program drives culture change and helps our plants identify energy savings opportunities by evaluating measures that include HVAC temperature scheduling, lighting, supply and demand of compressed air, building envelope, and employee energy awareness and engagement.

Nearly a third of our greenhouse gas emissions come from our vehicle fleet. We have a specific vehicle emissions reduction workgroup at a JCI group level to analyse emissions data and ensure we achieve emissions reductions throughout our fleet. We annually analyse our transportation supply chain to improve cost structure and reduce energy use. Over time, we are systematically changing our fleet vehicles, utilising higher fuel economy and electric vehicles where appropriate. We also optimise our logistics and our packaging in order to decrease weight and increase load factors and to include the use of other higher miles per gallon vans and trucks, telematics, and implementing a policy which prohibits speeding and encourages fuel-efficient driving techniques

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

Research and development

The company carries out research and development activities in relation to the development of new technologies and products. For this it receives income from other group companies, details of which are given in note 7.

ADT Fire and Security plc

Directors' report (cont'd)

Streamlined energy and carbon reporting (cont'd)

Employee engagement statement

The directors have described the action that has been taken during the financial year to (i) introduce, maintain and develop arrangements aimed at providing employee systematically with information on matters of concern to them as employees; (ii) consulting employees or their representatives on a regular basis so views of employees can be taken into account in decision making; (iii) encouraging the involvement of employees in the company's performance; and (iv) achieving a common awareness on the part of all employees of the financial and economic factors affecting the performance of the company, in the Section 172(1) statement in the Strategic Report.

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

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

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

Corporate governance

The corporate governance of the company are noted in the Strategic report.

Directors' confirmations.

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

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

Independent auditors

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

On behalf of the Board



J P Earnshaw

Director

Date: 29 March 2022



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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise:

- the statement of financial position as at 30 September 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge



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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 September 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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



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

- Consideration of fraud risk as part of our audit planning process;
- Discussions with management, in respect of risk of fraud and any known or suspected instances of non-compliance with laws and regulation and fraud and reviewing board minutes;
- Confirmation with those charged with governance in respect of risk of fraud and any known or suspected instances of non-compliance with laws and regulations;
- Consideration of the overall control environment and the processes and controls in place in the company, including procedures to achieve compliance with relevant laws and regulations; and
- Responding to the risks identified by designing appropriate audit procedures;
- Maintaining professional scepticism throughout the audit;
- Implementing specific procedures to address risks associated with management override of controls, including examination of journal entries.
- Substantive testing of revenue transactions and recognition.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

John Daly (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Cork
29 March 2022

ADT Fire and Security plc

Statement of comprehensive income for the year ended 30 September 2021

	Note	2021 £'000	2020 £'000
Turnover	5	344,655	320,196
Cost of sales		(197,941)	(187,277)
Gross profit		146,714	132,919
Administrative expenses		(100,312)	(112,598)
Other operating income	6	763	7,485
Operating profit	7	47,165	27,806
Gain on dissolution of fixed asset investments	14	1,184	—
Interest receivable and similar income	9	974	187
Interest payable and similar expenses	10	(1,841)	(12,072)
Profit before taxation		47,482	15,921
Tax credit / (charge) on profit	11	349	(1,485)
Profit for the financial year		47,831	14,436
Equity-settled share based payments		(925)	(545)
Total comprehensive income for the year		46,906	13,891

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 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	12	6,937	9,177
Tangible assets	13	57,450	51,819
Investments	14	44,024	20,750
		108,411	81,746
Current assets			
Inventories	15	17,806	12,285
Debtors - amount falling due within one year	16	987,473	738,026
Debtors - amount falling due after more than one year	16	23,151	22,840
Cash at bank and in hand		266,280	3,868
		1,294,710	777,019
Creditors - amounts falling due within one year	18	(699,345)	(204,889)
Net current assets		595,365	572,130
Total assets less current liabilities		703,776	653,876
Creditors - amount falling due after more than one year	19	(17,806)	(15,004)
Provisions for liabilities	20	(5,975)	(5,783)
Net assets		679,995	633,089
Capital and reserves			
Called up share capital	21	328,296	328,296
Retained earnings		351,699	304,793
Total equity		679,995	633,089

The notes on pages 19 to 44 are an integral part of these financial statements.

The financial statements on pages 16 to 44 were approved by the Board of directors on 29 March 2022 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 2021

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 October 2019	328,296	290,902	619,198
Profit for the financial year	—	14,436	14,436
Equity-settled share-based payments	—	558	558
Payment to parent for the exercise of equity-settled share-based payment	—	(1,103)	(1,103)
Balance as at 30 September 2020	328,296	304,793	633,089
Profit for the financial year	—	47,831	47,831
Equity-settled share-based payments	—	466	466
Payment to parent for the exercise of equity-settled share-based payment	—	(1,391)	(1,391)
Balance as at 30 September 2021	328,296	351,699	679,995

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 2021

1 General information

ADT Fire and Security plc is a public company limited by shares, domiciled and incorporated in the United Kingdom under the Companies Act 2006. 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. 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.

ADT Fire and Security plc

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

3 Summary of significant accounting policies (cont'd)

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 25.

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.

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 25. 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. If the monitoring customer does not extend their agreement to 14 years, the residual deferred revenue is recognised immediately.

ADT Fire and Security plc

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

3 Summary of significant accounting policies (cont'd)

Revenue recognition (cont'd)

Rendering of Services (cont'd)

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 and profit on project variations are included in the calculation of the percentage of total contract value completed once they have been agreed with the customer or whose recovery is considered probable.

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.

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.

ADT Fire and Security plc

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

3 Summary of significant accounting policies (cont'd)

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.

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

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.

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.

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.

ADT Fire and Security plc

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

3 Summary of significant accounting policies (cont'd)

Tangible assets and depreciation (cont'd)

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.

Freehold buildings and Assets under construction are stated at cost and not depreciated.

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 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.

ADT Fire and Security plc

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

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.

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.

ADT Fire and Security plc

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

3 Summary of significant accounting policies (cont'd)

Financial instruments (cont'd)

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 administrative expenses.

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.

Share capital

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

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.

Fixed asset investments

In accordance with acquisition accounting, Fixed assets investments are stated at cost plus incidental expenses less provisions for impairment in value. Costs of Fixed asset investments also include any contingent provisions where stated in the share purchase agreements, as it is more probable than not that the triggering events for these will be fulfilled. The liability of these provisions is recognised in the Statement of financial position.

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. The recoverable amount of the investment is the higher of the fair value less cost 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.

ADT Fire and Security plc

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

3 Summary of significant accounting policies (cont'd)

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.

Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the Statement of comprehensive income in the financial year for which the bonus is payable, when a reliable estimate of the obligation can be made.

Early termination costs

Early termination costs are charged to the Statement of comprehensive income when, as a result of a decision to terminate employees employment, the offer can no longer be withdrawn, it is unlikely that any significant changes to the termination plan will be made and that plan identifies the number of employees to be terminated, their job classifications or functions, their locations, and the expected completion date.

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 publicly available.

Government grants

Government grants are recognised when it is reasonable to expect they will be received and that all related conditions are met. They are recognised in the Statement of comprehensive income in the periods in which the related costs are incurred.

Deferred expenses

Sales commission costs that have been incremental in obtaining a customer contract, for which the associated turnover and profit will be recognised in the future, are deferred to the balance sheet in order to be charged to the Statements of comprehensive income at the same time as the related turnover.

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.

ADT Fire and Security plc

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

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 13 for the carrying value of tangible fixed assets and note 3 for the useful economic lives for each class of assets. To mitigate this estimation risk, where customer contracts for equipment on contract hire are terminated by the customer, the asset is written down to zero if it cannot be taken over by a new customer within three months.

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.

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 amount of variable consideration on a quarterly basis.

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 2021. If the monitoring customer does not extend their agreement to 14 years, the residual deferred revenue is recognised immediately.

ADT Fire and Security plc

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

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

Critical accounting estimates and assumptions (cont'd)

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.

Deferred sales commission

Sales commissions in respect of rented equipment 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 the deferred sales commissions are sensitive to this estimation. The 14 year period is assessed on a periodic basis and a review was last carried out in 2021.

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 2021 (cont'd)

5 Turnover

	2021	2020
	£'000	£'000
Turnover by destination		
United Kingdom	344,581	320,093
Republic of Ireland	74	103
	344,655	320,196

	2021	2020
	£'000	£'000
Turnover by category		
Sale of goods	17,771	16,056
Rendering of services	221,127	214,186
Income from installation contracts	105,757	89,954
	344,655	320,196

6 Other operating income

	2021	2020
	£'000	£'000
Coronavirus job retention scheme income	763	7,485
Other operating income	763	7,485

ADT Fire and Security plc

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

7 Operating profit

	2021 £'000	2020 £'000
Operating profit is stated after charging/(crediting)		
Staff costs		
wages and salaries	105,017	108,711
social security costs	10,709	11,437
other pension costs (note 24)	4,468	4,623
Total staff costs charged to Statement of comprehensive income	120,194	124,771
Temporary labour	2,655	1,813
Restructuring expense/ (income)	104	(266)
Amortisation of intangible assets (note 12)	1,593	1,668
Depreciation of tangible assets (note 13)	4,989	4,889
Impairment of customer lists (included in administrative expense) (note 12)	262	849
Research and development expenditure credit	(863)	(2,999)
Loss on disposal of tangible fixed assets	8,805	5,422
Inventory recognised as an expense	48,650	49,861
Operating lease expense - plant & machinery	5,063	6,469
Operating lease expense - buildings	3,333	3,188
Auditors' remuneration - for audit services	475	375
Foreign exchange (gain)/ loss	(3,245)	(384)
Foreign exchange loss/ (gain) on derivatives	3,406	—

Audit fees for 2021 include additional amounts regarding the prior year that were agreed in 2021. A proportion of auditors' remuneration for audit services is borne by other members of the Johnson Control International plc group.

ADT Fire and Security plc

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

8 Directors and employees

	2021	2020
Directors' emoluments	£'000	£'000
Remuneration	1,116	849
Company contributions to defined contribution pension schemes	52	27
	1,168	876

	2021	2020
Highest paid director	£'000	£'000
Remuneration including benefits in kind	562	399
Company contributions to defined contribution pension schemes	28	18
	590	417

During the period one (2020: one) director did not receive remuneration through the company because they are paid by another group entity which discloses these emoluments. It is not possible to determine an allocation of the directors' costs to this company. Two (2020: two) directors accrued benefits under money purchase pension scheme and two (2020: three) directors exercised share options.

The highest paid director exercised share options in 2021 (2020: exercised share options) and accrued benefits under money purchase pension scheme (2020: accrued benefits).

Staff numbers

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

	2021	2020
	Numbers	Numbers
Sales, office, staff and management	1,201	1,281
Engineers	1,376	1,519
	2,577	2,800

ADT Fire and Security plc

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

9 Interest receivable and similar income

	2021	2020
	£'000	£'000
Bank interest receivable	95	87
Interest receivable from group undertakings	879	100
	974	187

10 Interest payable and similar expenses

	2021	2020
	£'000	£'000
Bank interest	309	1,265
Interest payable to group undertakings	1,532	10,807
	1,841	12,072

ADT Fire and Security plc

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

11 Tax credit / (charge) on profit

	2021 £'000	2020 £'000
Current Tax		
UK Corporation tax at 19% (2020:19%)	—	—
Total current tax	—	—
Deferred tax		
Origination and reversal of timing differences	2,139	1,411
Adjustments in respect of prior periods	(77)	1,243
Impact of change in corporation tax rate on timing differences	(2,141)	(1,110)
Impact of rate change on losses	(270)	(59)
Total deferred tax (note 17)	(349)	1,485
Total tax on profit	(349)	1,485

Reconciliation of tax charge

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

	2021 £'000	2020 £'000
Profit before taxation	47,482	15,921
Profit before taxation multiplied by the standard rate of corporation tax of 19% (2020: 19%)	9,022	3,025
Income not taxable	(78)	(1,154)
Non taxable dividend income	(225)	—
Expenses not deductible for tax purposes	457	2,597
Group relief received for nil consideration	(6,873)	(2,787)
Research and Development credit expenditure	(164)	(270)
Adjustments in respect of prior periods	(77)	1,243
Adjustment in respect of rate change on losses	(270)	(59)
Impact of change in corporation tax rate on timing differences	(2,141)	(1,110)
Total tax (credit) / charge for the year	(349)	1,485

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

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

ADT Fire and Security plc

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

12 Intangible assets

	Goodwill £'000	Dealership £'000	Customer Lists £'000	Total £'000
Cost				
At 1 October 2020	108,942	83,162	12,061	204,165
Other	—	—	(385)	(385)
At 30 September 2021	108,942	83,162	11,676	203,780
Accumulated amortisation				
At 1 October 2020	108,941	81,791	2,564	193,296
Charge for the year	—	620	973	1,593
At 30 September 2021	108,941	82,411	3,537	194,889
Impairment				
At 30 September 2020	—	—	1,692	1,692
Charge for the year	—	—	262	262
At 30 September 2021	—	—	1,954	1,954
Net book value				
At 30 September 2021	1	751	6,185	6,937
At 30 September 2020	1	1,371	7,805	9,177

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 2021 an impairment charge of £0.3 million (2020: £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.

There were four contract acquisitions within customer lists that had holdback amounts specified within the agreement. The company would only pay over the holdback amount if the holdback conditions within the agreement were met. The holdback conditions were not satisfied within the holdback period, therefore, holdback amounts of £0.4m have been removed from the cost of customer lists.

ADT Fire and Security plc

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

13 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 2020	626	7,031	81,845	42,754	4,811	137,067
Additions	—	—	17,012	—	2,413	19,425
Disposals	—	—	(17,193)	—	—	(17,193)
Reclassification	—	159	—	1,056	(1,215)	—
At 30 September 2021	626	7,190	81,664	43,810	6,009	139,299
Accumulated depreciation						
At 1 October 2020	16	6,218	37,127	41,887	—	85,248
Disposals	—	—	(8,388)	—	—	(8,388)
Charge for the year	—	398	4,019	572	—	4,989
At 30 September 2021	16	6,616	32,758	42,459	—	81,849
Net book value						
At 30 September 2021	610	574	48,906	1,351	6,009	57,450
At 30 September 2020	610	813	44,718	867	4,811	51,819

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 2021 (cont'd)

14 Investments

	Total
Shares in subsidiary undertakings	£'000
Cost	
At 1 October 2020	37,665
Additions	23,274
Dissolution	(16,915)
At 30 September 2021	44,024
Provision for impairment	
At 1 October 2020	(16,915)
Impairment reversal	16,915
At 30 September 2021	—
Net book amount	
At 30 September 2021	44,024
At 30 September 2020	20,750

During the year on 2nd March 2021 the company purchased the entire share capital of Esotec Limited for a cash consideration of £8.8 million. The company also purchased the entire share capital of Fisher Group Holdings Limited on 30th July 2021 for a cash consideration of £1.4 million and on 23rd August 2021 purchased the entire share capital of Sparkling Systems Limited for a cash consideration of £13.1 million (2020: purchased the entire share capital of New Tech Security Limited and NT Security Limited for a total consideration of £6.1 million and the entire share capital of WOT Security Limited for a total consideration of £5.6 million).

The company owned 100% of the share capital of First Choice Facilities Limited on 25th June 2021 when the directors declared a dividend in specie of £1.2 million. Following on from this First Choice Facilities Limited was then dissolved. The carrying value of investment in First Choice Facilities Limited was £nil which has led to a gain on dissolution of £1.2 million.

ADT Fire and Security plc

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

14 Investments (cont'd)

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

	2021	2020
Analysed as:	£'000	£'000
NT Security Limited	1,726	1,726
New Tech Security Limited	4,439	4,439
WOT Security Limited	5,564	5,564
AsPro (UK) Limited	2,033	2,033
AsPro Crest Limited	1,919	1,919
Electronic Security Systems and Fire Protection Ltd	5,069	5,069
Esotec Ltd	8,780	—
Fisher Group Holdings Limited	1,353	—
Sparkling Systems Limited	13,141	—
	44,024	20,750

The company held the following investments at 30 September 2021:

Company and principal activity	Class of shares	Proportion of issued share capital held by:		Nature of business / Principal	Registered Office
		The Company	Other group companies		
AsPro (UK) Limited	Ordinary	100%	—	Trading*	Security House, The Summit, Hanworth Road, Sunbury on Thames, Middlesex, TW 16 5DB, United Kingdom
AsPro Crest Limited	Ordinary	100%	—	Trading	Security House, The Summit, Hanworth Road, Sunbury on Thames, Middlesex, TW 16 5DB, United Kingdom
New Tech Security Limited	Ordinary	100%	—	Trading	Security House, The Summit, Hanworth Road, Sunbury on Thames, Middlesex, TW 16 5DB, United Kingdom
NT Security Limited	Ordinary	100%	—	Trading*	Security House, The Summit, Hanworth Road, Sunbury on Thames, Middlesex, TW 16 5DB, United Kingdom

ADT Fire and Security plc

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

14 Investments (cont'd)

Company and principal activity	Class of shares	Proportion of issued share capital held by:		Nature of business / Principal	Registered Office
		The Company	Other group companies		
WOT Security Limited	Ordinary	100%	—	Trading	Security House, The Summit, Hanworth Road, Sunbury on Thames, Middlesex, TW 16 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
Esotec Ltd	Ordinary	100%	—	Trading	Security House, The Summit, Hanworth Road, Sunbury on Thames, Middlesex, TW 16 5DB, United Kingdom
Fisher Group Holdings Limited	Ordinary	100%	—	Trading	48 Deerdynes View, Cumbernauld, Glasgow, Scotland, G68 9HN
Sparkling Systems Limited	Ordinary	100%	—	Trading	390 Manchester Road, Gollinrod, Bury, Lancs, BL9 5NB

*The trading activity of AsPro (UK) Limited was transferred to AsPro Crest Limited during the year.

ADT Fire and Security plc

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

15 Inventories

	2021 £'000	2020 £'000
Finished goods and goods for resale	2,209	1,888
Work in progress	15,597	10,397
	17,806	12,285

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

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

16 Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year		
Trade debtors	41,343	50,599
Amounts owed by group undertakings	922,734	666,121
Other debtors	6,131	7,490
Deferred tax asset (note 17)	1,452	822
Withholding tax	27	26
Deferred expenses	9,886	8,262
Prepayments	5,900	4,706
	987,473	738,026

Trade debtors are stated net of provision for impairment of £0.6 million (2020: £2.3 million).

Amounts owed by group undertakings includes an amount of £261.2 million (2020: £261.2 million) where interest is not charged (2020: interest is not charged). This loan is unsecured and repayable on demand.

Included in the amounts owed by group undertakings are two loans (2020: nil) with a combined value of EUR 305 million (2020: EUR nil) due to mature on 13 August 2022, which bear interest at a fixed rate of 0.35% per annum (2020: nil).

Included in the amounts owed to group undertakings in the prior year was amount of £25.0 million where interest was not charged (2020: interest is not charged). This loan was repaid in May 2021.

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

ADT Fire and Security plc

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

16 Debtors (cont'd)

	2021	2020
	£'000	£'000
Amounts falling due after more than one year		
Deferred expenses	13,943	13,351
Deferred tax (note 17)	9,208	9,489
	23,151	22,840

Deferred expenses includes sales commission of £13.4 million (2020: £12.8 million) that is payable after more than one year.

17 Deferred tax

The deferred tax asset recognised consists of:

	2021	2020
	£'000	£'000
Fixed asset timing differences	7,469	8,129
Short term timing differences	1,452	1,006
Intangible assets	956	433
Research and development	615	615
Tax losses	168	128
Total deferred tax recognised	10,660	10,311
		£'000
Asset recognised at 1 October, 2020		10,311
Amount credited to Statement of comprehensive income - deferred tax (note 11)		349
Asset recognised at 30 September, 2021		10,660

There was no unprovided deferred tax at either period end.

ADT Fire and Security plc

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

18 Creditors – amounts falling due within one year

	2021	2020
	£'000	£'000
Bank overdrafts	260,679	8
Trade creditors	36,800	32,973
Amounts owed to group undertakings	319,012	86,605
Taxation and social security	11,111	25,364
Other creditors	11,293	7,998
Deferred income	42,445	43,257
Foreign exchange contracts (note 23)	3,305	—
Accruals	14,700	8,684
	699,345	204,889

Deferred income includes revenue relating to service and installation income.

Included in amounts owed to group undertakings is a loan of \$3.9 million (2020: \$3.9 million) due to mature on 25 August 2021, which bears interest at a rate of 1.05%. In August 2021, the loan was extended until 25 August 2022 at a fixed rate of 0.97% per annum thereafter.

Amounts owed to group undertakings also includes two loans (2020: nil) with a combined value of £60.0 million (2020: £nil) due to mature on 19 January 2022, which bear interest at a fixed rate of 1.22% per annum (2020: nil).

Included in amounts owed to group undertakings in the prior year was a loan of £2.0 million where interest was charged at 0.91% (2020: 1.22%). This loan matured and was repaid in September 2021.

Also included in the amounts owed to group undertakings is a loan of £25.1 million (2020: £25.1 million) where interest is not charged (2020: interest was not charged). This loan is unsecured and repayable on demand.

Amounts owed to group undertakings also includes an amount of £86.9 million (2020: £39.7 million) in respect of UK cash pooling arrangements, which charges interest at base rate plus 0.83% (2020: interest charged at base rate plus 0.83%). The amount is unsecured and repayable on demand.

Overdraft rates are equal to overnight base rates plus 0.8% to 1.3% margin. 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 2021 (cont'd)

19 Creditors – amounts falling due after more than one year

	2021 £'000	2020 £'000
Deferred income	15,136	14,224
Other creditors	2,670	780
	17,806	15,004

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

20 Provisions for liabilities

	Other provisions £'000	Restructuring provision £'000	Total £'000
At 1 October 2020	5,369	414	5,783
Charge in the year	1,457	—	1,457
Utilised in the year	(1,161)	(104)	(1,265)
At 30 September 2021	5,665	310	5,975

Other provisions include amounts for warranties, contract and vacant premises costs which the directors expect to be utilised in full by 30 September 2022. Restructuring provisions relate to vacant premises costs resulting from the integration of acquired businesses in prior periods and periodic reorganisation of the business. The directors are uncertain of when these would be fully utilised.

21 Called up share capital

	30 September 2021		30 September 2020	
Allotted, called-up and fully paid	No	£'000	No	£'000
Ordinary shares of £1 each (£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 2021 (cont'd)

22 Operating lease commitments

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

	2021	2020
Payments due	£'000	£'000
Within one year	8,830	9,475
Within two to five years	14,671	18,414
Over five years	3,401	2,751
	26,902	30,640

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

23 Financial instruments

The company entered into forward exchange currency contracts during the year to mitigate the exchange rate risk for the foreign currency transactions. As at the year end the company had agreements in place to buy EUR 305.1 million in exchange for £260.2 million (2020: £nil), and to sell \$3.9 million in exchange for £3.0m (2020: £nil). The contracts are held at a fair value of £3.3 million (2020: £nil) as shown in note 18 with any changes charged or credited to the Statement of comprehensive income.

24 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 £4.5 million (2020: £4.6 million).

As of 30 September 2021, contributions of £0.7 million (2020: £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 2021 (cont'd)

25 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Tyco Holdings (U.K.) Limited, a company incorporated in the United Kingdom.

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

Johnson Controls International plc
1 Albert Quay
Cork
Ireland

26 Post balance sheet events

In February 2022 the company purchased the entire share capital of Envision Intelligent Solutions Limited for an initial purchase consideration of £5.6 million.