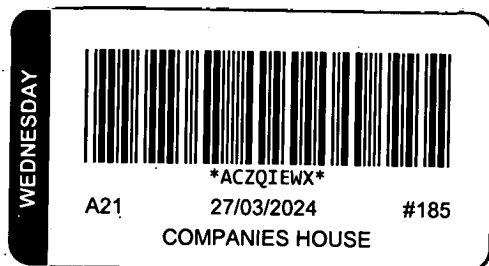


Registered Number 01161045

ADT Fire and Security plc
Annual report and financial statements
for the year ended 30 September 2023



ADT Fire and Security plc

Annual report and financial statements for the year ended 30 September 2023

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ADT Fire and Security plc

Strategic report

The directors present their Strategic report on the company, for the year ended 30 September 2023.

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 15. This shows the company's sales increased by £25.3 million to £382.2 million in 2023 (2022: £356.9 million) in line with the continuous growth of the business, and operating profit decreased by £2.5 million to an operating profit of £43.8 million (2022: operating profit of £46.3 million).

Profit before tax increased by £8.3 million to £65.8 million (2022: £57.5 million), in line with the expected growth of the business.

Intercompany loan interest received has increased by £14.7 million to £28.3 million in 2023 (2022: £13.6 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 £64.2 million in the year. At the year end, net assets were £793.0 million (2022: £728.8 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 2023 Annual report, which does not form part of this report.

On 18 November 2022, the company purchased the entire share capital of Computerised & Digital Security Systems Limited for £3.9 million. The company provides the supply and installation of cutting-edge digital security systems and solutions.

On 2 December 2022, the company purchased the entire share capital of RTLS Communications Limited for £1.9 million. The company specialises in integrated healthcare communication systems.

On 28 February 2023 the company purchased the trade and assets of its subsidiary undertaking Electronic Security Systems and Fire Protection Limited for a consideration of £1.5 million.

The company also purchased the contractual rights and obligations to the residential contracts of WOT Security Limited on 31 May 2023 for £0.8 million.

On 19 September 2023, the company received dividends of £5.8 million from Electronic Security Systems and Fire Protection, a dividend of £4.9 million from WOT Security Limited and a dividend of £3.2 million from NT Security Limited. As at 30 September 2023, all three of these investments were in the process of being wound up with applications for strike off with the UK authorities being filed post year end.

Future developments

In February 2024, the company purchased the contractual rights and obligations to the residential contracts of Protect My Property Services Limited for a purchase consideration of £2.6 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.

During September 2023, the company was informed by the parent entity, Johnson Controls International plc ("JCI"), that the JCI Group experienced a cybersecurity incident impacting its internal information technology ("IT") infrastructure and applications. Promptly after detecting the issue, JCI implemented its incident management and response plan and business continuity plans, including implementing remediation measures to mitigate the impact of the incident and restore affected systems and functions. JCI also engaged leading cybersecurity experts and other specialized consultants to assist in its investigation and remediation of the incident, as well as the restoration of impacted applications and systems. JCI's investigation and remediation efforts remain ongoing, including the analysis of data accessed, exfiltrated or otherwise impacted during the cybersecurity incident. Based on the information reviewed to date, JCI believes the unauthorised activity has been contained.

The cybersecurity incident consisted of unauthorised access, data exfiltration and deployment of ransomware by a third party to a portion of the JCI Group's internal IT infrastructure. The incident caused disruptions and limitation of access to portions of the JCI Group's business applications supporting aspects of JCI Group's operations and corporate functions, which disruptions and limitations continued into the 2024 financial year. To date, JCI has restored the impacted applications and systems.

After consideration of the nature of the cybersecurity incident and the work performed by management in respect of this, the directors are satisfied the company has been largely unaffected by the incident.

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.

ADT Fire and Security plc

Strategic report (cont'd)

Principal risks and uncertainties (cont'd)

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.

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 2023 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 and interest rate 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.

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.

ADT Fire and Security plc

Strategic report (cont'd)

Financial risk management objectives and policies (cont'd)

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.

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 26 of the non-financial disclosure report 2023 within JCI Group's 2023 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. These have remained in place following the lifting of the COVID-1 restrictions.
- 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.

ADT Fire and Security plc

Strategic report (cont'd)

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.
- 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: 26 March 2024

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 2023.

Future developments

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

Post balance sheet events

In February 2024, the company purchased the contractual rights and obligations to the residential contracts of Protect My Property Services Limited. (See note 25).

Dividends

No interim dividend was paid or proposed by the directors (2022: none). The directors do not recommend payment of a dividend (2022: 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 under note 3 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	resigned 31 December 2023
M F Meah	resigned 9 November 2022
A J Ellis	
J P Earnshaw	
R Lek	appointed 9 November 2022, and resigned 1 March 2023
S J Dixon	appointed 31 January 2024

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 2022 to 30 September 2023 are as follows:

	2022-2023	2021-2022
	UK and Offshore	UK and Offshore
Energy consumption used to calculate emissions: /kWh	39,480,163	37,364,399
Emissions activities for which the company own or control including combustion of fuel & operation of facilities tCO ₂ e (Scope 1)	9,551	9,274
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)	381	285
Total gross CO ₂ e based on above	9,932	9,559
Intensity ratio: tCO ₂ e gross figure based on mandatory fields above	2.59	2.77

**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 2022; 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 have elevated sustainability as a key performance metric for preferred suppliers while also launching supplier cohort training initiatives to cut supplier emissions. The launch of OpenBlue Net Zero Buildings-as-a-service in 2021, and OpenBlue Enterprise Manager in 2022 as part of our OpenBlue digital platform for optimising building sustainability are 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 an 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 2020 in the company car fleet in the UK.

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 6.

ADT Fire and Security plc

Directors' report (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.

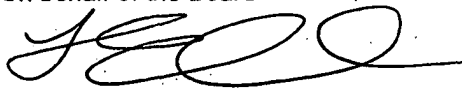
In the case of each director in office at the date the Directors' report is approved:

- 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: 26 March 2024



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 2023 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 2023;
 - 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 2023 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 noncompliance 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 by the engagement team 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;
- Incorporating unpredictability into our audit process;
- Responding to the risks identified by designing appropriate audit procedures;
- Maintaining professional scepticism throughout the audit;
- Implementing specific procedures to address risks associated with the management override of controls, including examination of journal entries; and
- Procedures designed to address the risk of fraud in revenue 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
27 March 2024

ADT Fire and Security plc

Statement of comprehensive income for the year ended 30 September 2023

	Note	2023 £'000	2022 £'000
Turnover	5	382,166	356,927
Cost of sales		(219,324)	(199,059)
Gross profit		162,842	157,868
Administrative expenses		(119,028)	(111,571)
Operating profit	6	43,814	46,297
Income from fixed asset investments	13	2,183	—
Gain on dissolution of fixed asset investments	13	—	6
Amounts written off fixed asset investments	13	330	(1,040)
Interest receivable and similar income	8	29,289	13,840
Interest payable and similar expenses	9	(9,852)	(1,629)
Profit before taxation		65,764	57,474
Tax charge on profit	10	(850)	(8,105)
Profit for the financial year		64,914	49,369
Equity-settled share based payments		(724)	(595)
Total comprehensive income for the year		64,190	48,774

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 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	11	6,661	5,466
Tangible assets	12	65,336	57,335
Investments	13	49,288	54,307
		121,285	117,108
Current assets			
Inventories	14	16,578	18,236
Debtors - amount falling due within one year	15	786,150	716,454
Debtors - amount falling due after more than one year	15	276,332	277,141
Cash at bank and in hand		3,521	2,484
		1,082,581	1,014,315
Creditors - amounts falling due within one year	17	(385,283)	(380,936)
Net current assets		697,298	633,379
Total assets less current liabilities		818,583	750,487
Creditors - amount falling due after more than one year	18	(19,925)	(17,164)
Provisions for liabilities	19	(5,699)	(4,554)
Net assets		792,959	728,769
Capital and reserves			
Called up share capital	20	328,296	328,296
Retained earnings		464,663	400,473
Total equity		792,959	728,769

The notes on pages 18 to 44 are an integral part of these financial statements.

The financial statements on pages 15 to 44 were approved by the Board of directors on 26 March 2024 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 2023

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 October 2021	328,296	351,699	679,995
Profit for the financial year	—	49,369	49,369
Equity-settled share-based payments	—	704	704
Payment to parent for the exercise of equity-settled share-based payment	—	(1,299)	(1,299)
Balance as at 30 September 2022	328,296	400,473	728,769
Profit for the financial year	—	64,914	64,914
Equity-settled share-based payments	—	872	872
Payment to parent for the exercise of equity-settled share-based payment	—	(1,596)	(1,596)
Balance as at 30 September 2023	328,296	464,663	792,959

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 2023

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. 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 2023 (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 24.

Section 4 'Statement of Financial Position'

Reconciliation of the opening and closing number of shares;

Section 7 'Statement of Cash Flows'

Presentation of a Statement of Cash Flow and related notes and disclosures;

Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues'

Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in the Statement of comprehensive income;

Section 26 'Share-based payments'

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

Section 33 'Related Party Disclosures'

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

Group financial statements

The company is exempt from the requirement to prepare and deliver consolidated financial statements under the provisions of Section 401 of the Companies Act 2006 as it is a wholly owned subsidiary undertaking of Johnson Controls International plc, which is registered in Cork, Ireland and which itself prepares consolidated financial statements which are publicly available and can be obtained from the address given in note 24. Accordingly consolidated financial statements have not been prepared and the financial information presented for the current year is for the company as an individual undertaking.

Revenue recognition

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 2023 (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 2023 (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 four 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 2023 (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.

Accounts receivable factoring

Accounts receivable factoring is a financial service that allows the company to sell their outstanding accounts receivables to a specialised financial institution called a Factor. The company then receives immediate funding for a factoring fee. Sales of accounts receivable are reflected as a reduction of debtors in the Statement of financial position.

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2023 (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 2023 (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 2023 (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.

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. Commercial contracts are deemed to be in place over a 3 year period, therefore sales commission costs relating to those contracts are deferred over a 3 year period. All other sales commission costs are deferred over a 14 year period in line with the estimated period rented system are expected to be in place generating income.

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 2023 (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 12 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.

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.

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 2023. 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 2023 (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 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 2023.

Critical accounting judgements

There are no critical accounting judgements impacting the financial statements.

5 Turnover

	2023	2022
Turnover by destination	£'000	£'000
United Kingdom	382,116	356,836
Republic of Ireland	50	91
	382,166	356,927

	2023	2022
Turnover by category	£'000	£'000
Sale of goods	17,398	14,084
Rendering of services	234,551	227,273
Income from installation contracts	130,217	115,570
	382,166	356,927

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2023 (cont'd)

6 Operating profit

	2023 £'000	2022 £'000
Operating profit is stated after charging/(crediting)		
Staff costs		
wages and salaries	115,922	108,504
social security costs	12,518	11,422
other pension costs (note 23)	4,779	4,504
Total staff costs charged to Statement of comprehensive income	133,219	124,430
Temporary labour	3,637	2,886
Restructuring expense (note 19)	161	373
Amortisation of intangible assets (note 11)	1,328	1,471
Depreciation of tangible assets (note 12)	5,911	5,279
Research and development expenditure credit	(650)	(864)
Loss on disposal of tangible fixed assets (note 12)	8,480	14,148
Inventory recognised as an expense	68,397	63,529
Operating lease expense - plant & machinery	4,832	5,843
Operating lease expense - buildings	2,466	2,704
Auditors' remuneration - for audit services	518	266
Foreign exchange gain	(170)	(220)
Foreign exchange loss/(gain) on derivatives	143	(30)

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2023 (cont'd)

7 Directors and employees

	2023	2022
Directors' emoluments	£'000	£'000
Remuneration	945	933
Company contributions to defined contribution pension schemes	62	56
	1,007	989

	2023	2022
Highest paid director	£'000	£'000
Remuneration including benefits in kind	470	442
Company contributions to defined contribution pension schemes	33	30
	503	472

During the period one (2022: 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 (2022: two) directors accrued benefits under money purchase pension scheme and three (2022: three) directors exercised share options.

The highest paid director exercised share options in 2023 (2022: exercised share options) and accrued benefits under money purchase pension scheme (2022: accrued benefits).

Staff numbers

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

	2023	2022
	Numbers	Numbers
Sales, office, staff and management	1,263	1,161
Engineers	1,486	1,446
	2,749	2,607

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2023 (cont'd)

8 Interest receivable and similar income

	2023	2022
	£'000	£'000
Bank interest receivable	1,037	263
Interest receivable from group undertakings	28,252	13,577
	29,289	13,840

9 Interest payable and similar expenses

	2023	2022
	£'000	£'000
Bank interest	9,789	1,337
Interest payable to group undertakings	63	292
	9,852	1,629

10 Tax charge on profit

	2023	2022
	£'000	£'000
Current Tax		
UK Corporation tax at 22% (2022:19%)	—	—
Adjustments in respect of prior periods	—	441
Total current tax	—	441
Deferred tax		
Origination and reversal of timing differences	1,435	4,816
Adjustments in respect of prior periods	126	3,533
Impact of change in corporation tax rate on timing differences	(651)	(570)
Impact of rate change on losses	(60)	(115)
Total deferred tax (note 16)	850	7,664
Total tax on profit	850	8,105

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2023 (cont'd)

10 Tax charge on profit (cont'd)

Reconciliation of tax charge

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the United Kingdom of 22% (2022: 19%). The differences are explained below:

	2023 £'000	2022 £'000
Profit before taxation	65,764	57,474
Profit before taxation multiplied by the standard rate of corporation tax of 22% (2022: 19%)	14,468	10,920
Non taxable dividend income	(480)	—
Expenses not deductible for tax purposes	615	2,024
Group relief received for nil consideration	(13,168)	(8,292)
Research and Development credit expenditure	—	164
Adjustments in respect of prior periods	126	3,974
Adjustment in respect of rate change on losses	(60)	(115)
Impact of change in corporation tax rate on timing differences	(651)	(570)
Total tax charge for the year	850	8,105

The standard rate of UK corporation tax is 25% from 1 April 2023. The blended corporation tax for financial year 2023 is 22%.

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 2023 (cont'd)

11 Intangible assets

	Goodwill £'000	Dealership £'000	Customer Lists £'000	Total £'000
Cost				
At 1 October 2022	108,942	83,162	11,676	203,780
Additions	1,746	—	777	2,523
At 30 September 2023	110,688	83,162	12,453	206,303
Accumulated amortisation				
At 1 October 2022	108,941	82,909	4,510	196,360
Charge for the year	102	253	973	1,328
At 30 September 2023	109,043	83,162	5,483	197,688
Impairment				
At 1 October 2022	—	—	1,954	1,954
Charge for the year	—	—	—	—
At 30 September 2023	—	—	1,954	1,954
Net book value				
At 30 September 2023	1,645	—	5,016	6,661
At 30 September 2022	1	253	5,212	5,466

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.

On 31 May 2023 the company also purchased the customer contracts relating to WOT Security Limited for a fair value of £0.8 million. No other assets or liabilities were transferred.

During the year ended 30 September 2023 no impairment charge (2022: £nil) has been recognised against customer lists following the directors' annual impairment assessment using appropriate assumptions as to the performance of the business.

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2023 (cont'd)

11 Intangible assets (cont'd)

On 28 February 2023 the company purchased the trade and assets of its subsidiary undertaking Electronic Security Systems and Fire Protection Limited for a consideration of £1.5 million.

	Book and Fair Value £'000
Current Assets	
Goodwill	1,746
Trade receivables	22
Amounts owed by group companies	620
Current Liabilities	
Trade creditors	(4)
Sundry creditors	(1)
Accruals	(54)
Amounts owed to group companies	(871)
Identifiable assets acquired	1,458
Consideration of acquisition	1,458

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2023 (cont'd)

12 Tangible assets

	Freehold buildings £'000	Short leasehold land and buildings £'000	Equipment on contract hire £'000	Fixtures and fittings £'000	Assets under construction £'000	Total £'000
Cost						
At 1 October 2022	626	7,358	84,585	44,255	476	137,300
Additions	—	—	22,107	—	285	22,392
Disposals	—	—	(15,588)	—	—	(15,588)
Reclassification	—	284	—	—	(284)	—
At 30 September 2023	626	7,642	91,104	44,255	477	144,104
Accumulated depreciation						
At 1 October 2022	16	7,007	29,964	42,978	—	79,965
Disposals	—	—	(7,108)	—	—	(7,108)
Charge for the year	—	417	5,048	446	—	5,911
At 30 September 2023	16	7,424	27,904	43,424	—	78,768
Net book value						
At 30 September 2023	610	218	63,200	831	477	65,336
At 30 September 2022	610	351	54,621	1,277	476	57,335

Equipment on contract hire consists of assets held for use in operating leases with customers. During the year a number of these leases were terminated creating a loss on disposal of £8.5 million (2022: £14.1 million)

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2023 (cont'd)

13 Investments

	Total £'000
Shares in subsidiary undertakings	
Cost	
At 1 October 2022	55,347
Additions	6,299
Return of capital	(11,648)
At 30 September 2023	49,998
Provision for impairment	
At 1 October 2022	(1,040)
Impairment charge	(710)
Impairment reversal	1,040
At 30 September 2023	(710)
Net book amount	
At 30 September 2023	49,288
At 30 September 2022	54,307

During the year on 18 November 2022, the company purchased the entire share capital of Computerised & Digital Security Systems Limited for a cash consideration of £3.9 million. The company also purchased the entire share capital of RTLIS Communications Limited on 2 December 2022 for a cash consideration of £1.9 million (2022: purchased the entire share capital of Envision Intelligent Solutions Limited for a cash consideration of £7.0 million, and the entire share capital of Vindex Systems Limited for a cash consideration of £6.2 million).

In September 2023 the directors of Electronic Security Systems and Fire Protection Limited commenced the process to wind up the company. As part of this process a distribution of £5.8 million was declared on 19 September 2023. The carrying value of the investment in Electronic Security Systems and Fire Protection Limited prior to the distribution had been impaired in the prior year to £4.1 million, therefore, as the distribution was more than the original cost of the investment, the impairment charge of £1.0 million was reversed during the year and £5.1 million of the distribution was treated as a return of capital to bring the investment value to £nil. The remaining distribution of £0.7 million was treated as income from fixed asset investments in the Statement of comprehensive income.

On 19 September 2023 the company owned 100% of the share capital of WOT Security Systems Limited when the directors declared a distribution of £4.9 million as part of the process to wind up the company. This distribution was treated as a return of capital; then, in order to bring the investment value to £nil, an impairment charge of £0.7 million was made.

In September 2023 the directors of NT Security Limited commenced the process to wind up the company. As part of this process a distribution of £3.2 million was declared on 19 September 2023. Of this, £1.7 million was treated as a return of capital to bring the investment value to £nil and the additional distribution of £1.5 million was treated as income from fixed asset investments in the Statement of comprehensive income.

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2023 (cont'd)

13 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.

	2023	2022
Analysed as:	£'000	£'000
NT Security Limited	—	1,726
New Tech Security Limited	4,439	4,439
WOT Security Limited	—	5,564
AsPro Crest Limited	1,919	1,919
Electronic Security Systems and Fire Protection Ltd	—	4,029
Esotec Ltd	8,780	8,780
Fisher Group Holdings Limited	1,483	1,483
Sparkling Systems Limited	13,141	13,141
Envision Intelligent Solutions Limited	7,088	7,000
Vindex Systems Limited	6,593	6,226
Computerised and Digital Security Systems Limited	3,919	—
RTLS Communications Limited	1,926	—
	49,288	54,307

The company held the following investments at 30 September 2023:

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 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 2023 (cont'd)

13 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, England, TW16 5DB
Fisher Group Holdings Limited	Ordinary	100%	—	Non-Trading	48 Deerdynes View, Cumbernauld, Glasgow, Scotland, G68 9HN
Fisher Group Limited	Ordinary	—	100%	Trading	48 Deerdynes View, Cumbernauld, Glasgow, Scotland, G68 9HN
Fisher Group Service Limited	Ordinary	—	100%	Trading	48 Deerdynes View, Cumbernauld, Glasgow, Scotland, G68 9HN
Sparkling Systems Limited	Ordinary	100%	—	Non-Trading	Tyco Park Grimshaw Lane, Newton Heath, Manchester, M40 2WL
Nu-Form Fire UK Limited	Ordinary	—	100%	Trading	Tyco Park Grimshaw Lane, Newton Heath, Manchester, M40 2WL
Envision Intelligent Solutions Limited	Ordinary	100%	—	Trading	Innovation House Silverwood Business Park, Silverwood Road, Craigavon, County Armagh, Northern Ireland, BT66 6SY

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2023 (cont'd)

13 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		
RTLS Communications Limited	Ordinary	100%	—	Trading	Security House, The Summit, Hanworth Road, Sunbury-On-Thames, England, TW16 5DB
Computerised and Digital Security Systems Limited	Ordinary	100%	—	Trading	Security House, The Summit, Hanworth Road, Sunbury-On-Thames, England, TW16 5DB
Blue sky I-Tech Solutions Limited	Ordinary	—	100%	Trading	Security House, The Summit, Hanworth Road, Sunbury-On-Thames, England, TW16 5DB
GEM Security Services Limited	Ordinary	—	100%	Trading	Security House, The Summit, Hanworth Road, Sunbury-On-Thames, England, TW16 5DB
Vindex Systems Limited	Ordinary	100%	—	Trading	Security House, The Summit, Hanworth Road, Sunbury-On-Thames, England, TW16 5DB

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2023 (cont'd)

14 Inventories

	2023	2022
	£'000	£'000
Finished goods and goods for resale	3,243	2,390
Work in progress	13,335	15,846
	16,578	18,236

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.

15 Debtors

	2023	2022
	£'000	£'000
Amounts falling due within one year		
Trade debtors	36,532	35,086
Amounts owed by group undertakings	718,290	653,141
Other debtors	14,554	10,588
Deferred tax asset (note 16)	1,237	1,140
Withholding tax	27	27
Deferred expenses	10,342	10,437
Foreign exchange contracts (note 22)	—	529
Prepayments	5,168	5,506
	786,150	716,454

Trade debtors are stated net of provision for impairment of £0.3 million (2022: £0.5 million).

Amounts owed by group undertakings includes interest accrued on a loan of £261.2 million (2022: loan of £261.2 million) where interest is charged at a fixed rate of 8.06% per annum (2022: interest charged at 8.06%). This loan is due to mature on 15 March 2027.

Included in the amounts owed by group undertakings are two loans (2022: two) with a combined value of EUR 272.0 million (2022: EUR 272.0 million) due to mature on 13 August 2024, which bear interest at a fixed rate of 5.17% per annum (2022: 1.93% per annum).

Amounts owed by group undertakings also includes an amount of £199.4 million (2022: £79.1 million) in relation to amounts transferred to group undertakings under a zero balance pooled bank agreement with Barclays Bank Plc in which interest may arise at plus 0.83% above bank rate (2022: interest may arise at plus 0.83% above bank rate). Each member of the pooled bank group is jointly and severally liable to the bank for overdrawn balances within the pool, the net positive position of which was £1.5 million at 30 September 2023 (2022: £1.4 million). The amount is unsecured and repayable on demand.

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 2023 (cont'd)

15 Debtors (cont'd)

	2023	2022
	£'000	£'000
Amounts falling due after more than one year		
Deferred expenses	14,211	14,073
Deferred tax (note 16)	909	1,856
Amounts owed by group undertakings	261,212	261,212
	276,332	277,141

Deferred expenses includes sales commission of £13.6 million (2022: £13.5 million) that is payable after more than one year.

Amounts owed by group undertakings includes a loan of £261.2 million (2022: £261.2 million) where interest is charged at a fixed rate of 8.06% per annum (2022: interest charged at 8.06%). This loan is due to mature on 15 March 2027.

16 Deferred tax

The deferred tax asset recognised consists of:

	2023	2022
	£'000	£'000
Fixed asset timing differences	579	1,237
Short term timing differences	1,237	1,140
Intangible assets	—	311
Research and development	162	140
Tax losses	168	168
Total deferred tax recognised	2,146	2,996
		£'000
Asset recognised at 1 October, 2022		2,996
Amount charged to Statement of comprehensive income - deferred tax (note 10)		(1,012)
Credited to Statement of comprehensive income - to research and development expenditure claim		162
Asset recognised at 30 September, 2023		2,146

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 2023 (cont'd)

17 Creditors – amounts falling due within one year

	2023	2022
	£'000	£'000
Bank overdrafts	217,921	209,966
Trade creditors	36,787	37,854
Amounts owed to group undertakings	56,086	42,978
Taxation and social security	12,999	14,000
Other creditors	5,800	10,931
Deferred income	41,083	42,992
Foreign exchange contracts (note 22)	3,706	7,150
Accruals	10,901	15,028
Corporation tax	—	37
	385,283	380,936

Deferred income includes revenue relating to service and installation income.

Included in amounts owed to group undertakings in the prior year was a loan of \$3.9 million where interest was charged at a rate of 3.32%. This loan was repaid in August 2023.

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

The Johnson Controls International plc group has a cash pooling arrangement with Bank Mendes Gans ("BMG") which manages the funding requirement for EMEA group companies. The bank overdrafts form part of this cash pooling arrangement. BMG balances are unsecured, repayable on demand and interest rates are set and calculated daily for each currency. Overdraft rates are equal to overnight base rates plus 0.98% margin.

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2023 (cont'd)

18 Creditors – amounts falling due after more than one year

	2023 £'000	2022 £'000
Deferred income	19,537	16,464
Other creditors	388	700
	19,925	17,164

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

19 Provisions for liabilities

	Other provisions £'000	Restructuring provision £'000	Total £'000
At 1 October 2022	3,871	683	4,554
Charge in the year	3,620	161	3,781
Utilised in the year	(1,792)	(844)	(2,636)
At 30 September 2023	5,699	—	5,699

Other provisions include amounts for warranties, contract and vacant premises costs which the directors expect to be utilised in full by 30 September 2024. Restructuring provisions relate to vacant premises costs resulting from the integration of acquired businesses in prior periods and periodic reorganisation of the business.

20 Called up share capital

		30 September 2023 £'000		30 September 2022 £'000
Allotted, called-up and fully paid	No		No	
Ordinary shares of £1 each (£0.25 called up and fully paid)	47,800	12	47,800	12
Ordinary shares of £1 each	328,284,494	328,284	328,284,494	328,284
	328,332,294	328,296	328,332,294	328,296

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2023 (cont'd)

21 Operating lease commitments

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

	2023	2022
Payments due	£'000	£'000
Within one year	10,119	10,374
Within two to five years	14,235	9,723
Over five years	3,108	2,845
	27,462	22,942

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

22 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 272.7 million in exchange for £232.6 million (2022: buy EUR 272.7 million in exchange for £232.6 million). In the prior year the company had an agreement in place to sell \$3.9 million in exchange for £3.0 million. The contracts are held at fair values of a £3.7 million creditor (2022: £7.2 million creditor and a £0.5 million debtor) as shown in notes 15 and 17 with any changes charged or credited to the Statement of comprehensive income.

23 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 £4.8 million (2022: £4.5 million).

As of 30 September 2023, contributions of £1.4 million (2022: £1.5 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 30 September 2022.

ADT Fire and Security plc

Notes to the financial statements for the year ended 30 September 2023 (cont'd)

24 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 2023. The consolidated financial statements of Johnson Controls International plc are available from:

Johnson Controls International plc
1 Albert Quay
Cork
Ireland

25 Post balance sheet events

In February 2024, the company purchased the contractual rights and obligations to the residential contracts of Protect My Property Services Limited for a purchase consideration of £2.6 million.