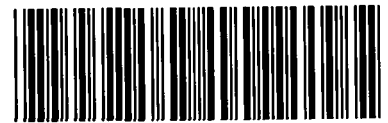


Company Registration No. 00910858 (England and Wales)

**ASSA ABLOY ENTRANCE SYSTEMS LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

FRIDAY



\*A7EZJVS\*

A11

21/09/2018

#121

COMPANIES HOUSE

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## COMPANY INFORMATION

---

### Directors

N J Mathews  
P Hansson (Appointed 20 October 2017)  
B Cherian (Appointed 1 February 2018)  
M Jensen (Appointed 13 November 2017)  
J Burton (Appointed 19 October 2017)

### Company number

00910858

### Registered office

7 Churchill Way  
Chapelton  
Sheffield  
Yorkshire  
S35 2PY

### Independent auditors

PricewaterhouseCoopers LLP  
3 Forbury Place  
23 Forbury Road  
Reading  
Berkshire  
RG1 3JH

---

# **ASSA ABLOY ENTRANCE SYSTEMS LTD**

## **CONTENTS**

---

	<b>Page</b>
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 6
Income statement	7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the financial statements	11 - 31

---

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

The directors of ASSA ABLOY Entrance Systems Ltd present the strategic report and financial statements for the year ended 31 December 2017.

### **Review of the business**

The company's principal activities during the year were the supply, installation and servicing of automatic doors, industrial doors and docking equipment.

The directors consider the level of business and the year-end financial position to be satisfactory in the light of the current challenging economic conditions. The level of activity is expected to increase in 2018 and beyond with the introduction of new products.

### **Principal risks and uncertainties**

The company's operations expose it to a variety of risks. The company has examined all major risks to its business and considers the main risks to be credit, liquidity, currency fluctuation and interest related.

The principal risk that the company faces is that of non-payment of invoices for goods and services supplied. The company has implemented policies that require appropriate credit checks on existing and potential customers before sales are made. There's also the potential risk of the economic downturn, specifically in the UK retail sector market.

There's the uncertainty surrounding Brexit and how this could impact the market demand and economic environment.

In order to manage liquidity risk, the company monitors the level of short term debt. The majority of this debt is due to the parent undertaking, and the liquidity and interest rate risk on this debt is managed at a group level.

Currency risk is managed at a group level.

### **Key Performance Indicators ('KPIs')**

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the company, as the entity and KPIs are analysed within divisions at a group level, rather than a UK company basis.

On behalf of the board



.....  
N J Mathews

Director

14 September 2018

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2017

---

The directors present their annual report and financial statements for the year ended 31 December 2017. The disclosure of some required information has been shown in the strategic report and is incorporated by reference.

#### Principal activities

The principal activity of the company continued to be that of the importation and installation of automatic door opening equipment, industrial doors and docking equipment and the subsequent service and maintenance of these products. The company operates a branch in the Republic of Ireland.

#### Results and dividends

Sales revenue in 2017 showed a 6.0% decrease over 2016 levels due to increased competition. Operating profit decreased by 41% in real terms with the % return on sales down by 6% points at 2.7%. Gross margins showed a small increase which was created by reduction of headcount. The directors consider the level of business and the year-end financial position to be satisfactory in the light of the current challenging economic conditions. The level of activity is expected to increase in 2018 and beyond.

A dividend of £80,000 was received from the subsidiary company, Motivation (Traffic Control) Limited (2016: £10,000). The hive up of trade and assets of Motivation into ASSA ABLOY Entrance Systems Ltd completed on the 31 October 2017.

The directors have approved a dividend of £1,020,000 in respect of the results for the year ended 31 December 2017 which was paid in August 2017 (2016 : £975,000).

#### Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

A N Helps	(Resigned 1 February 2018)
P B Hunt	(Resigned 5 February 2018)
A J Jaques	(Resigned 19 January 2018)
J R Vargues Huerta	(Resigned 12 December 2017)
R J Flinn	(Resigned 31 August 2017)
N J Mathews	
P Hansson	(Appointed 20 October 2017)
B Cherian	(Appointed 1 February 2018)
M Jensen	(Appointed 13 November 2017)
J Burton	(Appointed 19 October 2017)

#### Directors' Indemnity

The directors confirm that none of the directors had the benefit of any indemnity which is a qualifying third party indemnity provision, as defined by Section 234 of the Companies Act 2006, at any time from 1 January 2017 up to the date of signature of this report. Directors' and Officers' liability insurance for all group companies, including ASSA ABLOY Entrance Systems Ltd, is maintained by ASSA ABLOY AB, the ultimate parent undertaking.

#### Financial risk management

##### Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business. This risk is managed at a group level.

##### Interest rate risk

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. This risk is managed at a group level.

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

---

### **Foreign currency risk**

The company's principal foreign currency exposures arise from trading with overseas companies. Currency risk is managed at a group level.

### **Credit risk**

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade Receivables are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

### **Independent auditors**

In accordance with the company's articles, a resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditors of the company will be put at a General Meeting.

### **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 101 "Reduced Disclosure Framework", and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 FRS 101, 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 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.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

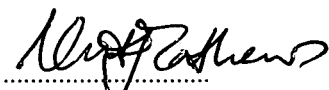
### **Statement of disclosure to auditors**

Each director in office at the date of approval of this annual report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board



N J Mathews

Director

14 September 2018

# **ASSA ABLOY ENTRANCE SYSTEMS LTD**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF ASSA ABLOY ENTRANCE SYSTEMS LTD**

---

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, ASSA ABLOY Entrance System LTD's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

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

##### *Independence*

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

##### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you when:

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

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

##### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, 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.

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF ASSA ABLOY ENTRANCE SYSTEMS LTD

---

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

#### **Responsibilities for the financial statements and the audit**

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

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

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

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

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

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

##### *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.



# ASSA ABLOY ENTRANCE SYSTEMS LTD

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF ASSA ABLOY ENTRANCE SYSTEMS LTD

---

#### Other required reporting

##### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Christopher Taylor (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading

18 September 2018

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Note	£'000	as restated £'000
Revenue	3	35,240	37,495
Cost of sales		(24,812)	(26,671)
<b>Gross profit</b>		<b>10,428</b>	<b>10,824</b>
Distribution costs		(3,110)	(3,165)
Administrative expenses		(6,359)	(6,030)
<b>Operating profit</b>	4	<b>959</b>	<b>1,629</b>
Income from shares in group undertakings	13	177	10
<b>Profit before interest and taxation</b>		<b>1,136</b>	<b>1,639</b>
Finance income	7	10	28
Finance expenses	8	(67)	(56)
<b>Profit before taxation</b>		<b>1,079</b>	<b>1,611</b>
Tax on profit	9	(168)	1,809
<b>Profit for the financial year</b>		<b>911</b>	<b>3,420</b>

The income statement has been prepared on the basis that all operations are continuing operations.

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £'000	2016 £'000
Profit for the financial year		911	3,420
<b>Other comprehensive (expense)/income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Foreign currency translation		(343)	(274)
Actuarial gain/(loss) on defined benefit pension schemes	19	399	(1,305)
Movement on deferred tax relating to pension gain/(loss)	15	(59)	222
<b>Total items that will not be reclassified to profit or loss</b>		(3)	(1,357)
<b>Total other comprehensive income/(expense)</b>		(3)	(1,357)
<b>Total comprehensive income/(expense) for the year</b>		908	2,063

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Property, plant and equipment	11	248	280
Investments	12	-	-
		<u>248</u>	<u>280</u>
<b>Current assets</b>			
Inventories	14	1,772	2,740
Deferred tax asset	15	357	453
Trade and other receivables	16	20,318	20,579
Cash at bank and in hand		551	3
		<u>22,998</u>	<u>23,775</u>
<b>Creditors: amounts falling due within one year</b>			
Borrowings	17	332	983
Trade and other payables	18	6,839	6,374
		<u>7,171</u>	<u>7,357</u>
<b>Net current assets</b>		<u>15,827</u>	<u>16,418</u>
<b>Total assets less current liabilities</b>		<u>16,075</u>	<u>16,698</u>
<b>Provisions for liabilities</b>			
Retirement benefit obligations	19	1,120	1,631
<b>Net assets</b>		<u>14,955</u>	<u>15,067</u>
<b>Capital and reserves</b>			
Called up share capital	20	50	50
Capital contribution account		16,200	16,200
Accumulated losses		(1,295)	(1,183)
<b>Shareholders' funds</b>		<u>14,955</u>	<u>15,067</u>

The financial statements on pages 7 to 31 were approved by the Board of Directors and authorised for issue on 14 September 2018

Signed on its behalf by:



N J Mathews

Director

Company Registration No. 00910858

The notes on pages 11 to 31 form part of the financial statements.

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Capital contribution	Accumulated losses	Total shareholders funds
	£'000	£'000	£'000	£'000
Balance at 1 January 2016	50	16,200	(2,270)	13,980
Profit for the financial year	-	-	3,420	3,420
Other comprehensive income for the year	-	-	(1,357)	(1,357)
Total comprehensive income for the year	-	-	2,063	2,063
Dividends	-	-	(976)	(976)
Balance at 31 December 2016	50	16,200	(1,183)	15,067
Profit for the financial year	-	-	911	911
Other comprehensive income for the year	-	-	(3)	(3)
Total comprehensive income for the year	-	-	908	908
Dividends	-	-	(1,020)	(1,020)
Balance at 31 December 2017	50	16,200	(1,295)	14,955

The total realised profits for the company, within the definition of the Companies Act 2006, comprise both the capital contribution account and the accumulated losses.

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 1 Summary of significant accounting policies

#### 1.1 General information

The principal activity of ASSA ABLOY Entrance Systems Ltd is the importation and installation of automatic door opening equipment, industrial doors, and docking equipment, and the subsequent service and maintenance of these products. The company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 7 Churchill Way, Chapeltown, Sheffield, Yorkshire S35 2PY.

#### 1.2 Basis of preparation

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements of ASSA ABLOY Entrance Systems Ltd have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain instruments held at fair value, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The preparation of financial statements in conformity with FRS 101 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 to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment';
  - (iii) paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - (i) 10(d), (statement of cash flows),
  - (ii) 16 (statement of compliance with all IFRS),
  - (iii) 38A (requirement for minimum of two primary statements, including cash flow statements),
  - (iv) 38B-D (additional comparative information),
  - (v) 111 (cash flow statement information), and
  - (vi) 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 1 Summary of significant accounting policies

(Continued)

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

ASSA ABLOY Entrance Systems Ltd is a wholly owned subsidiary of ASSA ABLOY Entrance Systems AB and the results of the company are included in the consolidated financial statements of ASSA ABLOY AB which are publicly available.

#### 1.3 Prior period restatement

Presentation in the income statement classifying expenses between cost of sales, administrative and distribution costs have been reviewed by the management during the year and subsequently they have been reanalysed to better align with the business. These figures have been represented in the 2016 income statement and consequently are labelled as restated.

#### 1.4 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Installation income is recognised upon completion of the installation process and turnover is accrued or deferred in line with this policy. Servicing and maintenance income is recognised evenly over the period to which the contract for the service relates. Where service contracts are invoiced in advance the income is deferred in respect of any portion of the contract which is still outstanding at the period end.

#### 1.6 Other operating income

Other operating income consists of income not directly related to the principal activities of the company. In 2017 this comprised marketing support payments received from the parent company.

#### 1.7 Investments in subsidiaries

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

#### 1.8 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Property plant and equipment is stated at historical cost less depreciation.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Short term leasehold improvements	Over the period of the lease
Fixtures, fittings & equipment	15 - 50%
Plant and machinery	25%
Motor vehicles	25 - 33%

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### 1 Summary of significant accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

##### 1.9 Impairment of tangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### 1.10 Inventories

Inventories are stated at the lower of cost and net realisable value. The company holds parts and materials for use in repairs and servicing. Work in progress and finished goods comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

##### 1.11 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

##### 1.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.



# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Summary of significant accounting policies

(Continued)

#### 1.13 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

##### **Trade receivables, loans and other receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### **Impairment of financial assets**

Assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### 1.14 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### **Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### 1 Summary of significant accounting policies

(Continued)

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### 1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.16 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 1 Summary of significant accounting policies

(Continued)

#### 1.17 Employee benefits

For defined contribution retirement benefit schemes the company makes payments into personal pension plans for eligible employees. The expenses are included within the financial statements as part of employment costs on an accruals basis.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlement and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. The interest cost and the expected return on assets are shown as a net amount of other finance expenses. Actuarial gains and losses are recognised immediately in the statement of comprehensive income. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

#### 1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.19 Foreign exchange

##### (a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£'000), which is also the company's functional currency.

##### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

##### (c) Overseas branch

Monetary assets and liabilities of branch operations in foreign currencies are translated into sterling at rates ruling at the end of the financial year and the results of the foreign branch are translated at the average exchange rate for the year. Exchange differences arising from the translation of the opening net investment in branch operations, and from the translation of those results at an average rate, are taken to reserves and reported in the statement of comprehensive income.

#### 1.20 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.

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### 1 Summary of significant accounting policies

(Continued)

##### 1.21 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

##### 1.22 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### 1.23 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

##### 1.24 Dividend income

Dividend income is recognised when the right to receive payment is established.

##### 1.25 Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

#### 2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a higher risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

##### Critical judgements

###### Revenue

Some judgement can be required when assessing the cut off point for revenue in the financial year. Contracts are reviewed on an individual basis to assess the completion stage of the project and the correct amount of revenue to be recognised. The revenue in excess of that to be recognised is then included as deferred income in the financial statements.

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 2 Critical accounting estimates and judgements

(Continued)

#### Key sources of estimation uncertainty

##### Defined benefit pension scheme

The company has a liability under a defined benefit pension scheme. The analysis of the liability involves significant estimates and assumptions which are detailed within these financial statements. The directors mitigate the possibility of misstatement in this area by ensuring that the scheme is valued annually by a qualified actuary.

##### Accruals

The company makes an estimate of the amount of costs to accrue for. When assessing the amount to be accrued, management takes into account all expected costs that have yet to be received relating to the financial year.

##### Impairment of debtors

The company transacts and holds receivables from a large number of customers across a variety of industries and makes an estimate of the recoverable value of trade debtors. When assessing impairment of trade debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience of collection.

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 3 Revenue

An analysis of the company's revenue is as follows:

	2017 £'000	2016 £'000
Importation and installation of door opening equipment, industrial doors and docking equipment and the service and maintenance of these products	35,240	37,495

#### Geographical market

	2017 £'000	2016 £'000
United Kingdom and Ireland	35,240	37,495

#### 4 Operating profit

	2017 £'000	2016 £'000
Operating profit for the year is stated after charging/(crediting):		
Net foreign exchange losses	26	121
Operating leases - plant and equipment	622	637
Operating leases - other	368	352
Fees payable to the company's auditors for the audit of the company's financial statements	40	56
Depreciation of property, plant and equipment	129	126
Cost of inventories recognised as an expense	19,918	20,504
Staff costs (note 5)	8,145	9,978

#### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Selling and distribution	197	211
Administration	7	6
	204	217

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 5 Employees (Continued)

Their aggregate remuneration comprised:

	2017 £'000	2016 £'000
Wages and salaries	6,908	8,663
Social security costs	971	1,007
Pension costs	266	308
	<u>8,145</u>	<u>9,978</u>

Amounts of £182,000 (2016: £141,000) have been charged to the income statement in respect of the defined benefit scheme and are not included in the disclosure above.

6 Directors' remuneration	2017 £'000	2016 £'000
Remuneration for qualifying services	577	518
Company pension contributions to defined contribution schemes	29	22
	<u>606</u>	<u>540</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2016 - 5).

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to Nil (2016 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2017 £'000	2016 £'000
Remuneration for qualifying services	156	132
Company pension contributions to defined contribution schemes	11	7
	<u>167</u>	<u>139</u>

One of the directors has been remunerated directly by the company for their work in relation to the company and its subsidiary, Motivation (Traffic Control) Limited. It is not possible to make an accurate apportionment of the director's emoluments in respect of each company for whom they work and hence all costs have been borne by ASSA ABLOY Entrance Systems Ltd, with no recharges being made to the subsidiary company.

Three of the directors are remunerated directly by ASSA ABLOY AB. Again it is not possible to make an accurate apportionment of the directors' emoluments in respect of each of the group companies for whom they work and hence no recharge for these costs has been made to ASSA ABLOY Entrance Systems Ltd during the year, as they would be incidental to Directors' services to other group entities.

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 7 Finance income

	2017 £'000	2016 £'000
<b>Interest income</b>		
Interest on bank deposits	10	28
	<u>10</u>	<u>28</u>
<b>Total finance income</b>	<u>10</u>	<u>28</u>

### 8 Finance expenses

	2017 £'000	2016 £'000
Interest on bank overdrafts and loans	67	56
	<u>67</u>	<u>56</u>

### 9 Tax on profit

	2017 £'000	2016 £'000
<b>Current tax</b>		
Current year taxation	130	292
Release of tax provision	-	(2,074)
Adjustment in respect of prior periods	1	-
	<u>131</u>	<u>(1,782)</u>
<b>Deferred tax</b>		
Current year	41	(10)
Changes in tax rates	-	13
Adjustment in respect of prior periods	(4)	(30)
	<u>37</u>	<u>(27)</u>
<b>Tax charge/(credit) for the year</b>	<u>168</u>	<u>(1,809)</u>



# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

(Continued)

#### 9 Tax on profit

The tax charge/(credit) for the year can be reconciled to the profit per the income statement as follows:

	2017 £'000	2016 £'000
Profit before taxation	1,079	1,611
Expected tax charge based on a corporation tax rate of 19.25% (2016: 20.00%)	208	322
Expenses not deductible in determining taxable profit	2	3
Income not taxable	(34)	(41)
Gains not taxable	7	-
Release of tax provision	-	(2,074)
Depreciation on assets not qualifying for tax allowances	3	-
Under/(over) provided in prior years	1	-
Deferred tax adjustments in respect of prior years	(4)	(30)
Net tax rate changes	(13)	13
Amounts not recognised	(2)	(2)
Tax charge/(credit) for the year	168	(1,809)

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2017 £'000	2016 £'000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	59	(222)

#### Tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These included reductions to the main tax rate which reduced the rate to 19% from 1 April 2017 and this will reduce to 17% from 1 April 2020.

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

10	Dividends	2017 £ per share	2016 £ per share	2017 £'000	2016 £'000
----	-----------	---------------------	---------------------	---------------	---------------

Amounts recognised as distributions to equity holders:

#### £1 Ordinary shares

Dividend paid in respect of year ended 31 December 2017 (31 December 2016)

20.40	19.52	1,020	976
-------	-------	-------	-----

The dividends for the year are paid out of the total realised profits for the company, which is comprised of both the capital contribution account and the accumulated retained earnings.

#### 11 Property, plant and equipment

	Short term leasehold improvements £'000	Fixtures, fittings & equipment £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 January 2016	324	500	1,528	101	2,453
Additions	5	55	35	3	98
Disposals	-	-	(1)	-	(1)
At 31 December 2017	329	555	1,562	104	2,550
<b>Accumulated depreciation</b>					
At 1 January 2016	217	420	1,435	101	2,173
Charge for the year	20	58	51	-	129
At 31 December 2017	237	478	1,486	101	2,302
<b>Carrying amount</b>					
At 31 December 2017	92	77	76	3	248
At 31 December 2016	107	80	93	-	280

#### 12 Investments

	Non-current 2017 £	2016 £
Investments in subsidiaries	-	2

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 13 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Country of incorporation (or residence)	Proportion of ordinary shares directly held (%)	Nature of business
Motivation (Traffic Control) Limited	Unit 9, Windmill Business Village Brooklands Close, Sunbury-on-Thames, Middlesex, TW16 7DY	100%	The installation and maintenance of traffic barriers

During the year the company received a dividend of £80,000 (2016 - £10,000) from Motivation (Traffic Control) Limited.

Motivation (Traffic Control) Limited ceased trading during the year and the assets and liabilities were hived up into this company.

14 Inventories	2017 £'000	2016 £'000
Raw materials	67	73
Work in progress	488	1,277
Finished goods	1,217	1,390
	<u>1,772</u>	<u>2,740</u>

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 15 Deferred taxation

The following are the major deferred tax assets recognised by the company and movements thereon during the current and prior reporting year.

	ACAs £'000	Retirement benefit obligations £'000	Short term timing differences £'000	Total £'000
Deferred tax asset at 1 January 2016	154	65	15	234
<b>Deferred tax movements in prior year</b>				
Charge to profit or loss	(25)	-	22	(3)
Credit to other comprehensive income	-	222	-	222
Deferred tax asset at 1 January 2017	129	287	37	453
<b>Deferred tax movements in current year</b>				
Charge to profit or loss	(13)	-	(24)	(37)
Charge to other comprehensive income	-	(59)	-	(59)
Deferred tax asset at 31 December 2017	116	228	13	357

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2017 £'000	2016 £'000
Deferred tax assets	357	453
	<u>357</u>	<u>453</u>

A deferred tax asset of £341,608 (2016 - £343,277) relating to tax losses carried forward has not been recognised. This asset would be recovered should sufficient taxable profits be available which would be eligible for relief against the unutilised tax losses.

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 16 Trade and other receivables

	2017 £'000	2016 £'000
Trade receivables	8,050	5,942
Provision for bad and doubtful debts	(281)	(168)
	<u>7,769</u>	<u>5,774</u>
Amount due from parent undertaking	2,596	531
Amounts due from subsidiary undertakings	82	65
Amounts due from fellow group undertakings	9,016	13,394
Prepayments and accrued income	855	815
	<u>20,318</u>	<u>20,579</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

£2,626,000 due from group and other related undertakings is unsecured, interest free and repayable on demand. The remaining balance comprises a £13,327,366 unsecured six month term deposit repayable on 26 September 2018 bearing interest at 0.1%, which is offset by a £4,259,000 unsecured short term loan payable on 27 March 2018 bearing interest at 1.55%.

### 17 Borrowings

	2017 £'000	2016 £'000
<b>Unsecured borrowings at amortised cost</b>		
Bank overdrafts	<u>6</u>	<u>-</u>
<b>Secured borrowings at amortised cost</b>		
Bank overdrafts	<u>326</u>	<u>983</u>

#### Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2017 £'000	2016 £'000
Current liabilities	<u>332</u>	<u>983</u>

The borrowings are part of the overall Group cash pool, are secured by guarantees from other group undertakings and bear interest at 1.55% (2016 - 1.5%)

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 18 Trade and other payables

	Current 2017 £'000	2016 £'000
Trade payables	1,598	1,762
Amount due to group undertakings	1,210	1,622
Accruals	2,665	1,673
Taxation and social security	1,333	1,317
Other payables	33	-
	<u>6,839</u>	<u>6,374</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

### 19 Retirement benefit schemes

#### Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to the income statement in respect of defined contribution plans is £266,000 (2016 - £308,000).

#### Defined benefit scheme

The company participates in the defined benefit scheme operated by the group in the UK which provides benefits based on final pensionable salary. The assets of the scheme are held separately from the group.

A full actuarial valuation was carried out in 5 April 2016 and updated to 31 December 2017 by an independent, qualified actuary.

The pension cost and contributions are assessed in accordance with the advice of the independent qualified actuary using the projected unit funding method. The major assumptions used by the actuary were (in nominal terms):

#### Key assumptions

	2017 %	2016 %
Discount rate	2.50	2.70
Pension growth rate	2.40	2.40
Salary growth rate	2.40	2.40
Inflation (RPI)	3.30	3.30
Inflation (CPI)	2.40	2.40

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 19 Retirement benefit schemes

(Continued)

##### *Mortality assumptions*

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics. Mortality assumptions are based on the S2Px'A mortality tables with an allowance for mortality improvement in line with CMI\_2016 projections and a long term rate of 1% p.a based on year of birth.

The scheme converted to a career average scheme for past and future service with effect from 5 April 2007. Therefore the current service cost is not dependent on future salary and therefore the rate of increase in salaries is no longer applicable.

	Life expectancy at age 65	
	2017 Years	2016 Years
Retiring today		
- Males	21.9	21.9
- Females	23.7	23.9
	<u>      </u>	<u>      </u>
Retiring in 20 years		
- Males	23.0	23.2
- Females	25.0	25.4
	<u>      </u>	<u>      </u>

Amounts recognised in the income statement in respect of defined benefit plans are as follows:

	2017 £'000	2016 £'000
Net interest on defined benefit liability/(asset)	43	13
Expenses	139	128
	<u>      </u>	<u>      </u>
	182	141
	<u>      </u>	<u>      </u>

Amounts recognised in other comprehensive income

	2017 £'000	2016 £'000
Actuarial changes arising from changes in demographic assumptions	142	48
Actuarial changes arising from changes in financial assumptions	(747)	(4,527)
Experience gains/(losses)	-	507
Return on plan assets (excluding amounts included in net interest cost) - gain/(loss)	1,004	2,667
	<u>      </u>	<u>      </u>
Total amount recognised in other comprehensive income - gain/(loss)	399	(1,305)
	<u>      </u>	<u>      </u>

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 19 Retirement benefit schemes

(Continued)

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

	2017 £'000	2016 £'000
Present value of defined benefit obligations	(20,011)	(18,988)
Fair value of plan assets	18,891	17,357
Deficit in scheme at the end of the financial year	(1,120)	(1,631)

Movements in the present value of defined benefit obligations:

	2017 £'000	2016 £'000
At 1 January 2017	18,988	14,748
Benefits paid and expenses	(722)	(287)
Actuarial losses and (gains)	605	3,972
Interest expense	520	555
Liability acquired on merging with subsidiary	620	-
At 31 December 2017	20,011	18,988

Movements in the fair value of plan assets:

	2017 £'000	2016 £'000
At 1 January 2017	17,357	14,388
Interest income	477	542
Return on plan assets (excluding amounts included in net interest)	1,004	2,667
Benefits paid and expenses	(861)	(415)
Contributions by the employer	347	175
Assets acquired on merging with subsidiary	567	-
At 31 December 2017	18,891	17,357

The actual return on plan assets was £1,481,000 (2016 - £3,209,000).



# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 19 Retirement benefit schemes

(Continued)

##### *Sensitivity of the net obligation to changes in assumptions*

The sensitivities shown are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to assumptions for revaluation and pension increases. The approximate average duration of the defined benefit obligation of the plan as at 31 December 2017 is 19 years.

The plan typically exposes the company to actuarial risks such as investment risk, interest rate risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to the plan liabilities. This would detrimentally impact the balance sheet position and may give rise to increased charges to future profit and loss accounts. This effect would be partially offset by an increase in the value of the plan's bond holdings. Additionally, caps on inflationary increases are in place to protect the plan against extreme inflation.

	Change in assumption	2017 Change in liabilities	
Discount rate	Decrease by 0.25% pa	4.8%	increase
Inflation rate	Increase by 0.25% pa	4.6%	increase
Mortality rate	Increase life expectancy by 1 year	3.0%	increase

The best estimate of contributions to be paid by the company to the plan for the period commencing 1 January 2018 is £347,000.

The fair value of plan assets at the reporting period end was as follows:

	2017 £'000	2016 £'000
Equity instruments	10,558	9,737
Debt instruments	7,331	6,740
Property	949	850
Cash	53	30
	<u>18,891</u>	<u>17,357</u>

#### 20 Called up share capital

	2017 £'000	2016 £'000
<b>Ordinary share capital</b>		
<b>Authorised</b>		
100,000 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Issued and fully paid</b>		
50,000 Ordinary shares of £1 each	<u>50</u>	<u>50</u>

# ASSA ABLOY ENTRANCE SYSTEMS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 21 Operating leases commitments

##### Lessee

Amounts recognised in profit or loss as an expense during the year in respect of operating lease arrangements are as follows:

	2017	2016
	£'000	£'000
Lease payments under operating leases	990	989

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		Other	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Within one year	229	264	396	563
Between two and five years	655	669	280	470
In over five years	86	201	-	-
	<u>970</u>	<u>1,134</u>	<u>676</u>	<u>1,033</u>

#### 22 Controlling party

The immediate parent company is ASSA ABLOY Entrance Systems AB, a company incorporated in Sweden. ASSA ABLOY Entrance Systems AB has a 100% interest in the equity capital of ASSA ABLOY Entrance Systems Ltd at 31 December 2017.

The ultimate parent undertaking and controlling party is ASSA ABLOY AB, a company incorporated in Sweden.

ASSA ABLOY AB is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2017. ASSA ABLOY Entrance Systems AB is the parent undertaking of the smallest group of undertakings to consolidate these financial statements.

The consolidated financial statements of ASSA ABLOY AB and ASSA ABLOY Entrance Systems AB can be obtained from: ASSA ABLOY Entrance Systems Ltd, 7 Churchill Way, Chapeltown, Sheffield, Yorkshire S35 2PY.