

# **Abloy Security Limited**

## **Directors' report and financial statements**

**Year ended 31 December 1996**

Registered number 2078532



# Abloy Security Limited

## Directors' report and financial statements

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# Abloy Security Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

## Principal activities and business review

The principal activity of the company is the sale of mechanical and electro-mechanical security devices.

## Business review

The business has improved satisfactorily during the year and the introduction of the Abloy 'Exec' range is forecast to further increase sales and profits in the next twelve months.

## Directors and directors' interests

The directors who held office during the period were as follows:

R C Rice  
D B Eastell (resigned 14 March 1996)  
J Pitko  
M Virtaala  
D R Horton (appointed 14 March 1996)  
O Hansen (appointed 14 March 1996)

According to the register of director's interests, each director or their immediate families had the following ordinary shares, debentures or the rights to subscribe for shares of ASSA ABLOY, during the financial year:

Director		Interest at beginning of period	Acquired/ (disposed of) during period	Interest at end of period of date of resignation
RC Rice	- debentures*	3,600	(2,263)	1,337
DB Eastell	- debentures*	800	(800)	-
J Pitko	- shares	500	100	600
	- debentures	8,800	558	9,358
M Virtaala	- shares	158,000	21,000	179,000
	- debentures	56,544	6,453	62,997

\* convertible debentures (1996 - 2000) carrying an interest rate of STIBOR minus 0.25%.

# Abloy Security Limited

## Directors' report *(continued)*

### Director and directors' interests *(continued)*

None of the directors had a disclosable interest in the shares of the company.

### Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend *(1995: £Nil)*. The profit for the year retained in the company of £252,000 *(1995: £302,000)* has been transferred to reserves.

### Significant changes in fixed assets

Movements in fixed assets during the year are set out in the notes to the financial statements.

### Charitable donations

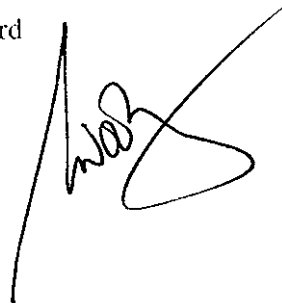
During the year the company made various charitable donations totalling £697 *(1995: £360)*.

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

DG Woolley  
Company Secretary



2-3 Hatters Lane  
Croxley Business Park  
Watford  
WD1 8YY

# Abloy Security Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Aquis Court  
31 Fishpool Street  
St Albans  
Herts AL3 4RF

## Auditors' report to the members of Abloy Security Limited

We have audited the financial statements on pages 5 to 16.

### *Respective responsibilities of directors and auditors*

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### *Basis of opinion*

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG 4 April 1997

**KPMG**  
Chartered Accountants  
Registered Auditors

# Abloy Security Limited

## Profit and loss account for the year ended 31 December 1996

	<i>Note</i>	<b>1996</b> <b>£'000</b>	<b>1995</b> <b>£'000</b>
<b>Turnover</b> - continuing operation	1,2	<b>5,798</b>	5,662
Cost of sales		<b>(3,085)</b>	(3,138)
<b>Gross profit</b>		<b>2,713</b>	2,524
Administrative expenses		<b>(2,351)</b>	(2,224)
<b>Operating profit</b> - continuing operations		<b>362</b>	300
Interest receivable and similar income	6	<b>37</b>	31
Interest payable and similar charges	7	<b>(2)</b>	(1)
<b>Profit on ordinary activities before taxation</b>	3	<b>397</b>	330
Taxation on profit on ordinary activities	8	<b>(145)</b>	(28)
<b>Retained profit for the financial year</b>	16	<b>252</b>	302

A statement of movements on reserves is given in note 16.

The company has no recognised gains or losses, other than those passing through the profit and loss account, for the current or preceding year.

# Abloy Security Limited

Balance sheet  
at 31 December 1996

	Note	1996 £'000	1995 £'000
<b>Fixed assets</b>			
Tangible assets	9	206	216
<b>Current assets</b>			
Stocks	11	577	651
Debtors	12	1,071	1,164
Cash at bank and in hand		234	288
		<u>1,882</u>	<u>2,103</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(1,099)</u>	<u>(1,582)</u>
<b>Net current assets</b>		<u>783</u>	<u>521</u>
<b>Net assets</b>		<u>989</u>	<u>737</u>
<b>Capital and reserves</b>			
Called up share capital	15	275	275
Share premium account	16	398	398
Profit and loss account	16	316	64
<b>Total shareholders' funds</b>		<u>989</u>	<u>737</u>

These financial statements were approved by the board of directors on 3 April 1997 and were signed on its behalf by:

RC Rice  
Director





# Abloy Security Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, as modified by the revaluation of the long leasehold investment property.

#### *Group accounts*

The company is exempt by virtue of S228 of the Companies Act 1985 from the obligation to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

#### *Cash flow*

The company is exempt from the requirement, of Financial Reporting Standard 1 to prepare a cashflow statement on the grounds that it is a wholly owned subsidiary undertaking of Assa Abloy AB, and its cash flows are included within the consolidated cash flow statement of that company.

#### *Turnover*

Turnover represents the total amount receivable in the ordinary course of business for goods sold, after deducting discounts given and credit notes issued, net of value added tax.

#### *Depreciation*

Depreciation is provided to write off the cost less the estimated residual value of assets on a straight line basis over their anticipated useful lives as follows:

	Annual rate
Motor vehicles	25 %
Plant, fixtures & fittings	15-25 %

Short leasehold properties are amortised over the unexpired portion of the lease.

# Abloy Security Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Investment property*

In accordance with Statement of Standard Accounting Practice No. 19 investment properties are stated at valuation. No depreciation is provided in respect of the long leasehold investment property. This treatment is a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Net realisable value comprises anticipated proceeds of sales less anticipated costs relating thereto. Cost has been calculated on a weighted average basis.

#### *Taxation*

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Leases*

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### *Pension costs*

The company operates two defined contribution (money purchase) pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension charge in the profit and loss account represents contributions payable by the company to the funds.

# Abloy Security Limited

## Notes (continued)

### 2 Analysis of turnover

	1996 £'000	1995 £'000
United Kingdom	5,480	5,325
Rest of Europe	318	337
	<u>5,798</u>	<u>5,662</u>

### 3 Profit on ordinary activities before taxation

	1996 £'000	1995 £'000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Depreciation	45	47
Auditors' remuneration:		
Audit	13	12
Other services	8	7
Directors' emoluments (note 4)	90	93
Operating lease rentals - land and buildings	219	188
- plant and equipment	21	21
- motor vehicles	97	90
Rent receivable	(15)	(10)
Profit on disposal of fixed assets	(3)	-

# Abloy Security Limited

## Notes (continued)

### 4 Remuneration of directors

	1996 £'000	1995 £'000
Directors' emoluments:		
Salaries and other emoluments	84	87
Pension contributions	6	6
	<u>90</u>	<u>93</u>

The emoluments, excluding pension contributions, of the chairman were £Nil (1995: £Nil) and those of the highest paid director were £84,000 (1995: £83,000).

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

	Number of directors	
	1996	1995
£0 - £ 5,000	5	3
£75,001 - £80,000	-	-
£80,001 - £85,000	1	1

### 5 Staff numbers and costs

The average number of employees (including directors under service contracts) during the year was as follows:

	Number of employees	
	1996	1995
Office and management	9	10
Warehouse and sales	44	44
	<u>53</u>	<u>54</u>

The aggregate payroll costs of these persons were as follows:-

	1996 £'000	1995 £'000
Wages and salaries	1,008	964
Social security costs	100	102
Other pension costs (see note 20)	28	27
	<u>1,136</u>	<u>1,093</u>

# Abloy Security Limited

## Notes (continued)

### 6 Interest receivable and similar income

	1996 £'000	1995 £'000
Interest receivable from short term deposits	21	21
Rent receivable from investment property	15	10
Interest receivable on overdue taxation	1	-
	<u>37</u>	<u>31</u>

### 7 Interest payable and similar charges

	1996 £'000	1995 £'000
On loans from fellow subsidiary undertaking	<u>2</u>	<u>1</u>

### 8 Taxation

	1996 £'000	1995 £'000
UK corporation tax at 33% (1995: 33%) on the profit for the year on ordinary activities	149	130
Adjustment relating to prior years	(4)	(102)
	<u>145</u>	<u>28</u>

# Abloy Security Limited

## Notes (continued)

### 9 Tangible fixed assets

	Long leasehold investment property £'000	Short leasehold property £'000	Motor vehicles £'000	Plant fixtures & fittings £'000	Total £'000
<i>Cost or valuation</i>					
At beginning of year	95	24	24	603	746
Additions	-	-	25	15	40
Disposals	-	-	(24)	(1)	(25)
At end of year	95	24	25	617	761
<i>Depreciation</i>					
At beginning of year	-	6	15	508	529
Charge for period	-	1	4	40	45
On disposals	-	-	(18)	(1)	(19)
At end of year	-	7	1	547	555
<i>Net book value</i>					
At 31 December 1996	95	17	24	70	206
At 31 December 1995	95	18	9	94	216

The long leasehold investment property comprises:

	1996 £'000	1995 £'000
Land	16	16
Buildings	79	79
Valuation	95	95

The long leasehold investment property was valued at its open market value at 30 June 1988. The directors are of the opinion that this value is not materially different at 31 December 1996.

### 10 Investments

#### Shares in subsidiary undertakings

Cost at beginning and end of year

£

100

The company owns 100% of the called up ordinary shares of Abloy Security Limited, which is incorporated in the Republic of Ireland. The above investment is unlisted.

# Abloy Security Limited

## Notes (continued)

11	<b>Stocks</b>	<b>1996</b> <b>£'000</b>	<b>1995</b> <b>£'000</b>
	Finished goods	<u>577</u>	<u>651</u>
12	<b>Debtors</b>	<b>1996</b> <b>£'000</b>	<b>1995</b> <b>£'000</b>
	Trade debtors	839	942
	Amounts owed by parent and fellow subsidiary undertakings	4	10
	Amounts owed by subsidiary undertaking	107	94
	Other debtors	15	6
	Prepayments	<u>106</u>	<u>112</u>
		<u>1,071</u>	<u>1,164</u>
13	<b>Creditors: amounts falling due within one year</b>	<b>1996</b> <b>£'000</b>	<b>1995</b> <b>£'000</b>
	Trade creditors	151	134
	Amounts owed to parent and fellow subsidiary undertakings	327	829
	Corporation tax	149	130
	Other taxation and social security	185	200
	Accruals	<u>287</u>	<u>289</u>
		<u>1,099</u>	<u>1,582</u>

Included within accruals is an amount of £128,000 (1995: £114,000) representing the amount by which the future obligations relating to a leasehold property will exceed the amount recoverable through the rental of the property.

# Abloy Security Limited

## Notes (continued)

### 14 Deferred taxation

	Unprovided deferred tax	
	1996	1995
	£'000	£'000
Accelerated capital allowances on investment property	27	27
Accelerated capital allowances on other fixed assets	(11)	(20)
Other timing differences	(55)	(52)
	<u>(39)</u>	<u>(45)</u>

The potential deferred tax liability on the investment property has not been provided because the timing difference is not expected to reverse in the foreseeable future.

### 15 Called up share capital

	1996	1995
	£'000	£'000
<i>Authorised</i>		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>275</u>	<u>275</u>

### 16 Reserves

	Profit and loss account	Share premium account
	£'000	£'000
At 31 December 1995	64	398
Movement in the year	<u>252</u>	<u>-</u>
At 31 December 1996	<u>316</u>	<u>398</u>



# Abloy Security Limited

## Notes (continued)

### 17 Reconciliation of movements in shareholders' funds

	1996 £'000	1995 £'000
Profit for the financial year	252	302
Opening shareholders' funds	737	435
	<hr/>	<hr/>
Closing shareholders' funds	989	737
	<hr/>	<hr/>

### 18 Contingent liabilities

The company has given guarantees amounting to £40,000 (1995: £40,000) relating to deferred duty and value added tax and £70,000 (1995: £70,000) in respect of Bankers Automated Clearing Services.

### 19 Commitments

- (i) Capital commitments at the end of the financial year for which no provision has been made:

	1996 £'000	1995 £'000
Contracted	-	-
	<hr/>	<hr/>

- (ii) Annual commitments under non-cancellable operating leases are as follows:

	1996		1995	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	-	24	-	6
In the second to fifth years inclusive	-	58	-	98
Over five years	188	-	188	-
	<hr/>	<hr/>	<hr/>	<hr/>
	188	82	188	104
	<hr/>	<hr/>	<hr/>	<hr/>

# Abloy Security Limited

## Notes *(continued)*

### 20 Pension scheme

The company operates two money purchase pension schemes as described in note 1. The pension charge for the period represents contributions payable by the company to the schemes and amounted to £28,000 (1995: £27,000).

The total outstanding contributions payable amounted to £Nil at the end of the financial year (1995: £3,000).

### 21 Ultimate parent company and parent undertaking of larger group of which the company is a member

The only group in which the accounts of Abloy Security Limited are consolidated is that headed by Assa Abloy AB, the company's ultimate parent undertaking, incorporated in Sweden. The consolidated accounts are available to the public and may be obtained from Assa Abloy AB, Klarabergsviadukten 90, Box 70340, S-10723 Stockholm, Sweden.