Abloy Security Limited

Annual Report

for the year ended 31 December 1999

Registered number 2078532

Abloy Security Limited

Annual Report
for the year ended 31 December 1999

Abloy Security Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 1999.

Principal activities and business review

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

Business review and future developments

The business has improved satisfactorily during the year and the forecast is to further increase sales and profits in the next twelve months.

On 4 January 1999 the company aquired the issued share capital of £100 in Medeco Security Locks Limited from the immediate parent ASSA ABLOY Limited.

Directors and directors' interests

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

R C Rice
D R Horton
O Hansen

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

Dividends

The directors have declared a proposed of £250,000 for the year (1998 : £600,000).

Charitable donations

During the year the company made charitable donations totalling £125 (1998: £195).

Year 2000

No problems have arisen in our systems and to our knowledge there has been no other impact on the business as a result of Year 2000. The costs associated with the Year 2000 were not material to the company.

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 as at the end of the financial year and of the profit or loss of the company 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;
- 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 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.

Auditors

In accordance with S386 of the Companies Act 1985 the company has elected to dispense with the annual appointment of auditors.

By order of the board

DG Woolley FCCA
Company Secretary
March 8 2000

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

Abloy Security Limited

Report of the auditors to the members of Abloy Security Limited

We have audited the financial statements on pages 6 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3 and 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Croydon
8 March 2000

Abloy Security Limited

Profit and loss account
for the year ended 31 December 1999

Continuing operations	Note	1999	1998
		£'000	£'000
Turnover	2	**5,364**	5,848
Cost of sales		**(3,054)**	(3,203)
Gross profit		**2,310**	2,645
Distribution costs		**(1,130)**	(1,368)
Administrative expenses		**(668)**	(713)
Operating profit		**512**	564
Interest receivable and similar income	6	**93**	121
Profit on ordinary activities before taxation	3	**605**	685
Taxation on profit on ordinary activities	7	**(104)**	(219)
Profit on ordinary activities after taxation		**501**	466
Dividends	8	**(250)**	(600)
Retained profit / (loss) for the financial year	17	**251**	(134)

The company has no recognised gains or losses, other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit/(loss) for the year stated above, and their historical cost equivalents.

Abloy Security Limited

Balance sheet
at 31 December 1999

	Notes	1999 £'000	1998 £'000 Restated
Fixed assets			
Tangible assets	9	**180**	186
Investments	10	**-**	-
		180	186
Current assets			
Stocks	11	**519**	569
Debtors	12	**1,216**	958
Cash at bank and in hand		**546**	397
		2,281	1,924
Creditors: amounts falling due within one year	13	**950**	829
Net current assets		**1,331**	1,095
Provision for liabilities and charges	14	**42**	63
Net assets		**1,469**	1,218
Capital and reserves			
Called up share capital	16	**275**	275
Share premium account	17	**398**	398
Profit and loss account	17	**796**	545
Equity shareholders' funds	18	**1,469**	1,218

The financial statements on pages 6 to 15 were approved by the board of directors on
March 8 2000 and were signed on its behalf by:

RC Rice
Director

Abloy Security Limited

Notes to the financial statements

for the year ended 31 December 1999

1 Principal accounting policies

A summary of the more important accounting polices, which have been applied consistently is set out below.

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.

Restatement of prior year

The prior year figure for creditors has been restated to conform with the presentation requirements of FRS 12 (see notes 13 and 14).

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 cash flow 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.

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 financial statements 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

2 Analysis of turnover

	1999	1998
	£'000	£'000
United Kingdom	5,014	5,544
Rest of Europe	350	304
	5,364	5,848

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/ (crediting):

	1999	1998
	£'000	£'000
Depreciation	29	34
Auditors' remuneration: Audit	10	12
Operating lease rentals - hire of plant and machinery	8	12
- other	243	268
Rent receivable	(70)	(71)
Loss on disposal of fixed assets	3	1

4 Directors' emoluments

	1999	1998
	£'000	£'000
Aggregate emoluments	85	89

There are no benefits accruing to the directors under the company's two defined contribution schemes.

5 Employee infomation

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

	Number of employees	
	1999	1998
Office and management	8	9
Warehouse and sales	36	42
	44	51

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

	1999 £'000	1998 £'000
Wages and salaries	976	1,119
Social security costs	90	107
Other pension costs (see note 21)	38	49
	1,104	1,275

6 Interest receivable and similar income

	1999 £'000	1998 £'000
Interest receivable from short term deposits	23	50
Rent receivable from investment and short let property	70	71
	93	121

7 Taxation

	1999 £'000	1998 £'000
UK corporation tax at 30.25 % (1998: 31%) on the profit for the year on ordinary activities	123	219
Adjustment relating to prior years	(19)	-
	104	219

8 Dividends

	1999 £'000	1998 £'000
Equity – ordinary		
Paid	-	600
Proposed	250	-
	250	600

9 Tangible fixed assets

	Long leasehold investment property £'000	Short leasehold property £'000	Motor vehicles £'000	Plant fixtures & fittings £'000	Total £'000
Cost or valuation					
At 1 January 1999	95	24	24	617	760
Additions	-	-	-	33	33
Disposals	-	-	(24)	(354)	(378)
At 31 December 1999	**95**	**24**	**-**	**296**	**415**
Depreciation					
At 1 January 1999	-	(11)	(12)	(551)	(574)
Charge for year	-	(1)	(2)	(26)	(29)
Disposals	-	-	14	354	368
At 31 December 1999	**-**	**(12)**	**-**	**(223)**	**(235)**
Net book value					
At 31 December 1999	**95**	**12**	**-**	**73**	**180**
At 31 December 1998	95	13	12	66	186

The long leasehold investment property comprises:

	1999 £'000	1998 £'000
Land	**16**	16
Buildings	**79**	79
Valuation	**95**	95

The long leasehold investment property has a cost of £95,000, and 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 1999.

10 Investments

	£
Shares in subsidiary undertaking	
Cost at 1 January 1999	**100**
Additions	**100**
Cost at 31 December 1999	**200**

The company owns 100% of the called up ordinary shares of Abloy Security Limited, which is incorporated in the Republic of Ireland and Medeco Security Locks which is incorporated in England. The investment companies' principal activity during the year was the supply of security products. The above investments are unlisted.

11 Stocks

	1999 £'000	1998 £'000
Finished goods	**519**	569

12 Debtors

	1999	1998
Amounts falling due within one year:	**£'000**	£'000
Trade debtors	**882**	736
Amounts owed by group undertakings	**214**	98
Other debtors	**13**	5
Prepayments	**107**	119
	1,216	958

13 Creditors: amounts falling due within one year

	1999 £'000	1998 £'000
Trade creditors	**154**	133
Amounts owed to group undertakings	**200**	310
Corporation tax	**85**	99
Other taxation and social security	**206**	196
Accruals	**55**	91
Dividends – proposed	**250**	-
	950	829

14. Provision for liabilities and charges

Leasehold property	**1999 £'000**
At 1 January 1999	**63**
Ulitised in the year	**(21)**
At 31 December 1999	**42**

The provisions represents the amount by which future obligations relating to a leasehold property will exceed the amount recoverable through the rental of the property.

15 Deferred taxation

	Unprovided deferred tax liability / (asset)	
	1999	1998
	£'000	£'000
Accelerated capital allowances on investment property	**24**	25
Depreciation in advance of tax allowances on other fixed assets	**(6)**	(9)
Other timing differences	**-**	(33)
	18	(17)

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.

16 Called up share capital

	1999	1998
	£'000	£'000
Authorised		
Ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**275**	275

17 Reserves

	Profit and loss account	**Share premium account**
	£'000	**£'000**
At 31 December 1998	**545**	**398**
Retained profit for the year	**251**	**-**
At 31 December 1999	**796**	**398**

18 Reconciliation of movements in shareholders' funds

	1999	1998
	£'000	£'000
Profit for the financial year after taxation	**501**	466
Dividends paid	**(250)**	(600)
Opening shareholders' funds	**1,218**	1,352
Closing shareholders' funds	**1,469**	1,218

19 Capital commitments

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

	1999	1998
	£'000	£'000
Contracted	9	2

20 Financial commitments

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

	1999		1998	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	-	10	-	6
In the second to fifth years inclusive	-	55	-	67
Over five years	188	-	188	-
	188	65	188	73

21 Pension Scheme

The company operates two money purchase pension schemes as described in note 1 and also contributes to eligible employees' personal pension schemes. The pension charge for the period represents contributions payable by the company to the schemes and amounted to £38,000 (1998: £49,000).

An amount of £4,000 (1998: £3,000) was prepaid for contributions at the year end. There were no contributions outstanding (1998: £Nil).

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

The immediate parent undertaking is ASSA ABLOY Limited. 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.

23 Related party transactions

The company has taken advantage of the exemption stated in FRS 8 that allows the non disclosure of transactions or balances with entities that are part of the group or investments of the group qualifying as related parties where 90% of the company's voting rights are controlled within the group.