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COMPANY NUMBER ...2078532...

ABLOY SECURITY LIMITED
(Formerly Abloy Security Hardware Limited)
Company Number 2078532

Financial statements
28 February 1991

finnies
CHARTERED ACCOUNTANTS

ABLOY SECURITY LIMITED
(Formerly Abloy Security Hardware Limited)

FINANCIAL STATEMENTS
28 February 1991

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ABLOY SECURITY LIMITED
(Formerly Abloy Security Hardware Limited)

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DIRECTORS' REPORT
28 February 1991

The directors submit their report and the financial statements for the 14 months ended 28 February 1991.

CHANGE OF NAME

On 14 February 1991 the name of the company was changed, by special resolution, from Abloy Security Hardware Limited to Abloy Security Limited.

PRINCIPAL ACTIVITIES

The principal activity of the company is the sale and development of mechanical, electromechanical and electronic security devices.

RESULTS AND DIVIDENDS

Details of the results for the period are shown in the profit and loss account and the related notes. The directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors consider the results for the period to be disappointing with the volume of trading falling below anticipated levels. On 1 January 1990 the company acquired the business previously undertaken by its fellow subsidiary companies, Abloy Locks Limited and Vingcard Systems Limited. The directors are confident that this reorganisation, together with positive steps taken during the period to reduce company overheads, should enable the trading position to be improved in the current period.

DIRECTORS

The directors who have served during the period are as follows :

S G Stendahl	
R G Andersson	(appointed 23 May 1990)
D B Eastell	(appointed 21 February 1991)
S W Hall	(appointed 21 February 1991)
R C Rice	(appointed 23 May 1990)
C F Sandler	(resigned 6 November 1990)
J Siren	(resigned 23 May 1990)
D M Ryan	(resigned 15 November 1990)

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

FIXED ASSETS

Movements in fixed assets during the period are set out on pages 9 and 10.

SHARE CAPITAL

On 21 February 1991 the authorised share capital of the company was increased by the creation of an additional 249,000 ordinary £1 shares.

In order to provide additional working capital for the company it was decided to increase the issued share capital. On 21 February 1991 99,600 ordinary £1 shares were issued, at par, and on 18 April 1991 an additional 150,000 ordinary £1 shares were issued, at par, in respect of monies received by the company prior to the year end.

ABLOY SECURITY LIMITED
(Formerly Abloy Security Hardware Limited)

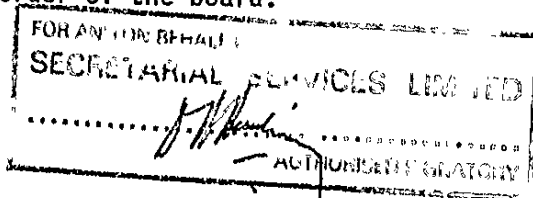
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DIRECTORS' REPORT (continued)
28 February 1991

AUDITORS

The reappointment as auditors of Finnie & Co., Chartered Accountants, will be proposed at the annual general meeting.

By order of the board.



SECRETARIAL SERVICES LIMITED

Secretary

18 April 1991

ABLOY SECURITY LIMITED
(Formerly Abloy Security Hardware Limited)

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REPORT OF THE AUDITORS

To the members of Abloy Security Limited.

We have audited the financial statements on pages 4 to 13 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 28 February 1991 and of its loss and source and application of funds for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Finnie & Co.

FINNIE & CO.

Chartered Accountants

CHELMSFORD

18 April 1991

ABLOY SECURITY LIMITED
(Formerly Abloy Security Hardware Limited)

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PROFIT AND LOSS ACCOUNT
Period ended 28 February 1991

	Note	14 months ended 28 February 1991	Year ended 31 December 1989
		£	£
TURNOVER	1 & 3	9,247,599	4,116,854
Cost of sales		5,266,172	2,346,093
		<hr/>	<hr/>
GROSS PROFIT		3,981,427	1,770,761
Administrative expenses		4,026,851	1,784,253
		<hr/>	<hr/>
		(45,424)	(13,492)
Other income	4	43,032	222,798
		<hr/>	<hr/>
		(2,392)	209,306
Interest payable	5	339,456	143,642
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	3 & 6	(341,848)	65,664
Tax credit on (loss)/profit on ordinary activities	8	32,851	7,444
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAX FOR THE PERIOD TRANSFERRED (FROM)/TO RESERVES	17	(308,997) =====	73,108 =====

ABLOY SECURITY LIMITED
(Formerly Abloy Security Hardware Limited)

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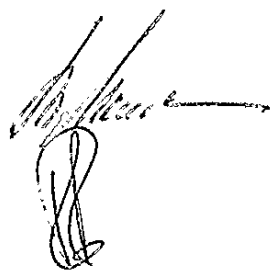
BALANCE SHEET
28 February 1991

	Note	28 February 1991		31 December 1989	
		£	£	£	£
FIXED ASSETS					
Investments	9		100		80,148
Tangible assets	10		378,097		374,984
			<u>378,197</u>		<u>455,132</u>
CURRENT ASSETS					
Stocks	11	979,672		593,647	
Debtors	12	2,199,529		1,310,885	
Cash at bank and in hand		518,811		4,212	
		<u>3,698,012</u>		<u>1,908,744</u>	
CREDITORS : amounts falling due within one year	13	3,694,818		2,148,467	
NET CURRENT ASSETS/(LIABILITIES)			3,194		(239,723)
TOTAL ASSETS LESS CURRENT LIABILITIES			381,391		215,409
CREDITORS : amounts falling due after more than one year	14		285,165		45,786
PROVISION FOR LIABILITIES AND CHARGES					
Deferred tax	15		-		14,000
			<u>96,226</u>		<u>155,623</u>
CAPITAL AND RESERVES					
Called up share capital	16	250,000		400	
Reserves	17	(153,774)		155,223	
			<u>96,226</u>		<u>155,623</u>

Directors :

S G STENDAHL

R C RICE



NOTES ON THE FINANCIAL STATEMENTS
28 February 1991

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention, as modified by the revaluation of long leasehold investment properties.

TURNOVER

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

STOCKS

Stock is stated at the lower of cost and net realisable value.

Cost has been calculated on the 'first in, first out' basis. Net realisable value comprises anticipated proceeds of sale less anticipated costs relating thereto.

DEPRECIATION AND AMORTISATION

Depreciation is calculated to write off each asset on a straight line basis over their anticipated useful lives as follows :

	Annual rate
Motor vehicles	25%
Computer	25%
Works equipment	20%
Office furniture and equipment	15%

No depreciation is provided on long leasehold investment properties.

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

FOREIGN CURRENCIES

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

DEFERRED TAX

Deferred tax in respect of accelerated capital allowances and other timing differences is provided under the liability method except where such timing differences are expected, with reasonable probability, to continue in the foreseeable future.

LEASED ASSETS

Assets held under finance leases are capitalised and depreciated over their estimated useful lives less estimated residual value. The finance charges are allocated over the primary period of the lease using the sum of the digits method.

NOTES ON THE FINANCIAL STATEMENTS (continued)
28 February 1991

1 ACCOUNTING POLICIES (continued)

PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

RESEARCH AND DEVELOPMENT

Expenditure on research and development is charged to the profit and loss account in the period in which it arises, except where it represents the development of a commercial product in which case it is capitalised and written off over its useful life.

2 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the board on 18 April 1991.

3 TURNOVER AND (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

The turnover and (loss)/profit on ordinary activities before taxation is attributable to the principal activities of the company carried on predominantly in the United Kingdom.

4 OTHER INCOME

	14 months ended 28 February 1991	Year ended 31 December 1989
	£	£
Dividends from fixed asset investments	30,577	206,710
Interest receivable	2,128	4,431
Rents received	10,327	11,657
	<u>43,032</u>	<u>222,798</u>
	=====	=====

5 INTEREST PAYABLE

On loans from group companies	306,390	121,478
On bank overdraft	13,958	607
Hire purchase and leasing interest	19,108	21,557
	<u>339,456</u>	<u>143,642</u>
	=====	=====

6 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX
is stated after charging/(crediting) :

Loss/(profit) on disposal of fixed assets	28,622	(602)
Depreciation and amortisation	225,547	69,689
Auditors' remuneration	31,000	11,850
Operating lease rentals - land and buildings	186,063	40,000
- plant and equipment	77,074	5,837
Amount written off investments	40,083	-
	<u>40,083</u>	<u>-</u>
	=====	=====

NOTES ON THE FINANCIAL STATEMENTS (continued)
28 February 1991

6 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX (continued)

	14 months ended 28 February 1991 £	Year ended 31 December 1989 £
Directors' emoluments :		
Fees	4,000	-
Salaries and other emoluments (including pension contributions paid on their behalf)	104,258	75,034
	<u>108,258</u> =====	<u>75,034</u> =====
Emoluments (excluding pension contributions paid on their behalf) :		
Chairman	-	-
Highest paid director	51,031	73,109
	<u>51,031</u> =====	<u>73,109</u> =====
Other directors :	Number	Number
£ 0 - £ 5,000	4	2
£40,001 - £45,000	1	-
	<u>5</u> =====	<u>2</u> =====
7 STAFF COSTS	£	£
Wages and salaries	1,358,677	679,086
Social security costs	139,392	69,602
Other pension costs	29,616	3,051
	<u>1,527,685</u> =====	<u>751,739</u> =====

The average weekly number of employees (including directors under service contracts) during the period was made up as follows :

	Number	Number
Office and management	22	20
Warehouse and sales	44	29
	<u>66</u> =====	<u>49</u> =====

8 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The credit is based on the (loss)/profit for the period before tax and consists of :

	14 months ended 28 February 1991 £	Year ended 31 December 1989 £
Deferred tax provision released	18,295	1,457
Adjustments relating to previous year :		
Corporation tax	14,556	5,987
	<u>32,851</u> =====	<u>7,444</u> =====

Subject to the agreement of the Inland Revenue, the company has tax losses of approximately £147,000 (1989 : £60,000) to be surrendered by way of group relief, or to be carried forward against future trading profits.

ABLOY SECURITY LIMITED
(Formerly Abloy Security Hardware Limited)

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NOTES ON THE FINANCIAL STATEMENTS (continued)
28 February 1991

9 INVESTMENTS

£

Shares in subsidiary companies :

Cost

At 1 January 1990

80,148

Provision made in period (see below)

(80,048)

At 28 February 1991

100

=====

The company owns 100% of the called up share capital of Abloy Security Limited, which is incorporated in the Republic of Ireland.

The above investment is unlisted.

During the period the board of directors decided to have the dormant subsidiary companies removed from the companies register and negotiations are in progress to dispose of Warshaw (Security Installations) Limited.

Accordingly full provision has now been made against the cost of investment in these companies, net of any related inter company balances.

10 TANGIBLE FIXED
ASSETS

	Long leasehold investment properties	Short leasehold properties	Motor vehicles	Plant fixtures and fittings	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 1990	95,000	29,045	156,494	400,261	680,800
Transferred from group companies	-	47,500	94,976	199,093	341,569
Additions	-	-	-	78,887	78,887
Disposals	-	(23,750)	(136,151)	-	(159,901)
At 28 February 1991	95,000	52,795	115,319	678,241	941,355
Accumulated depreciation					
At 1 January 1990	-	3,724	73,215	228,877	305,816
Transferred from group companies	-	173	37,759	80,264	118,196
Charge for the period	-	3,572	56,738	165,237	225,547
Disposals	-	(1,195)	(85,106)	-	(86,301)
At 28 February 1991	-	6,274	82,606	474,378	563,258
Net book value :					
At 28 February 1991	95,000	46,521	32,713	203,863	378,097
	=====	=====	=====	=====	=====
At 31 December 1989	95,000	25,321	83,279	171,384	374,984
	=====	=====	=====	=====	=====

ABLOY SECURITY LIMITED
(Formerly Abloy Security Hardware Limited)

NOTES ON THE FINANCIAL STATEMENTS (continued)
28 February 1991

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10 TANGIBLE FIXED ASSETS (continued)

In order to comply with group accounting policies the method of calculating depreciation was changed from the reducing balance method to the straight line method in the period. The net effect of this change was to increase the depreciation charge in the current period by £50,213.

	1991 £	1989 £
The long leasehold investment properties comprise :		
Land	15,990	15,990
Buildings	79,010	79,010
	<u>95,000</u>	<u>95,000</u>
	=====	=====

Long leasehold investment properties were revalued by Strettons, Chartered Surveyors, at their open market value at 30 June 1988. At 28 February 1991 the directors are of the opinion that such value would not be materially different.

ASSETS HELD UNDER FINANCE LEASES

Included in plant, fixtures and fittings are assets of net book value £29,110 (1989 : £140,036) held under finance leases.

11 STOCKS

	1991 £	1989 £
Finished goods	979,672	593,647
	<u>979,672</u>	<u>593,647</u>
	=====	=====

If the finished goods had been valued at replacement cost the value would not be materially different.

12 DEBTORS

	1991 £	1989 £
Trade debtors	1,755,204	810,565
Amounts due from group companies	113,898	375,776
Other debtors	189,559	49,020
Corporation tax recoverable	44,000	-
Prepayments	96,868	75,524
	<u>2,199,529</u>	<u>1,310,885</u>
	=====	=====

ABLOY SECURITY LIMITED
(Formerly Abloy Security Hardware Limited)

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NOTES ON THE FINANCIAL STATEMENTS (continued)
28 February 1991

13 CREDITORS

	1991 £	1989 £
Amounts falling due within one year :		
Bank overdraft	35,409	50,689
Trade creditors	279,419	335,122
Amounts due to group companies	3,047,242	1,501,519
Hire purchase and finance lease contracts	29,632	49,046
Other taxes and social security costs	52,530	96,746
Corporation tax	-	873
Other creditors	55,025	8,992
Accruals	195,561	105,480
	<u>3,694,818</u>	<u>2,148,467</u>
	=====	=====

Included in amounts due to group companies are loans totalling £2,000,000 (1989 : £1,100,000) bearing interest at rates varying from 14.82% to 15.65% per annum. These loans are due for repayment during the next 12 months although the company will be able to negotiate appropriate replacement facilities.

14 CREDITORS

	1991 £	1989 £
Amounts falling due after more than one year :		
Hire purchase and finance lease contracts expiring between two and five years	9,765	45,786
Amounts due to group companies	275,400	-
	<u>285,165</u>	<u>45,786</u>
	=====	=====

15 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax	£
Provision at 1 January 1990	14,000
Movement in period :	
- transferred from group company	4,295
- credited to profit and loss account	(18,295)
Provision at 28 February 1991	<u>-</u>
	=====

No deferred tax provision has been made due to the availability of unrelieved trading losses carried forward.

16 CALLED UP SHARE CAPITAL

	1991 £	1989 £
Authorised		
250,000 (1989 : 1,000) ordinary shares of £1 each	250,000	1,000
	<u>=====</u>	<u>=====</u>
Allotted, called up and fully paid		
250,000 (1989 : 400) ordinary shares of £1 each	250,000	400
	<u>=====</u>	<u>=====</u>

On 21 February 1991 the authorised share capital of the company was increased by the creation of an additional 249,000 ordinary £1 shares. In order to provide additional working capital for the company it was decided to increase the issued share capital. On 21 February 1991 99,600 ordinary £1 shares were issued, at par, and on 18 April 1991 an additional 150,000 ordinary £1 shares were issued, at par, in respect of monies received by the company prior to the year end.

NOTES ON THE FINANCIAL STATEMENTS (continued)
28 February 1991

17 RESERVES

	1991 £
Profit and loss account	
At 1 January 1990	171,600
Prior year adjustment	(89,827)
	<hr/>
As restated	81,773
Loss for the period	(308,997)
	<hr/>
At 28 February 1991	(227,224)
Share premium account	
At 1 January 1990 and 28 February 1991	73,450
	<hr/>
	(153,774)
	=====

The prior year adjustment arises from the correction of accounting errors made in the previous year.

18 CAPITAL COMMITMENTS

	1991 £	1989 £
Expenditure authorised but not contracted for	Nil	130,000
	=====	=====

19 OPERATING LEASE COMMITMENTS

The minimum annual rentals under operating leases are as follows :

	Equipment £	Land and buildings £
Operating leases which expire :		
- within two to five years	50,168	-
- after five years	-	223,952
	<hr/>	<hr/>
	50,168	223,952
	=====	=====

20 CONTINGENT LIABILITY

At the balance sheet date the company had exposure to unrealised losses in respect of forward foreign exchange contracts amounting to £5,184 (1989 : £9,243).

The company has also given guarantees amounting to £175,000 relating to H.M. Customs and Excise and £150,000 in respect of BACS.

21 ULTIMATE HOLDING COMPANY

The ultimate holding company is Oy Metra Ab, a company incorporated in Finland.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
Period ended 28 February 1991

	Note	14 months ended 28 February 1991		Year ended 31 December 1989	
		£	£	£	£
SOURCE OF FUNDS					
Generated from operations	1	-		134,751	
Issue of shares		249,600		-	
Proceeds of sale of tangible fixed assets		44,978		6,400	
Decrease in net working capital	2	571,214		321,638	
			<u>865,792</u>		<u>462,789</u>
APPLICATION OF FUNDS					
Absorbed by operations	1	7,631		-	
Investments transferred from group company		-		6,500	
Purchase of tangible fixed assets		78,887		69,762	
Fixed assets transferred from group companies		223,373		380,709	
Tax paid		26,022		53,269	
			<u>335,913</u>		<u>510,240</u>
INCREASE/(DECREASE) IN CASH RESOURCES			<u>529,879</u> =====		<u>(4,451)</u> =====
NOTES					
1 Generated from/(absorbed by) operations :					
(Loss)/profit before tax		(341,848)		65,664	
Depreciation and amortisation		225,547		69,689	
Loss/(profit) on disposal of tangible fixed assets		28,622		(602)	
Investments written off		80,048		-	
			<u>(7,631)</u> =====		<u>134,751</u> =====
2 Decrease in net working capital :					
Stocks		(386,025)		(593,647)	
Debtors		(1,106,522)		(910,824)	
Creditors		(19,240)		706,443	
Group indebtedness		2,083,001		1,119,666	
			<u>571,214</u> =====		<u>321,638</u> =====