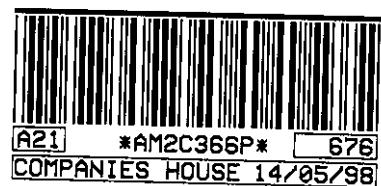


# **Abloy Security Limited**

**Annual report**

**Year ended 31 December 1997**

**Registered number 2078532**



# **Abloy Security Limited**

## **Annual report for the year ended 31 December 1997**

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# Abloy Security Limited

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 1997.

### 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.

### Directors and directors' interests

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

R C Rice  
J Pitko (resigned 24 February 1997)  
M Virtaala (resigned 24 February 1997)  
D R Horton  
O Hansen

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 AB, during the financial year.

Director		At 1 January 1997	At 31 December 1997
RC Rice	- debentures	1,337	2,912
D R Horton	- shares	245,925	270,517
	- debentures	62,997	66,513
O Hansen	- shares	65,200	71,720
	- debentures	62,997	64,938

The debentures are convertible to series 'B' shares after 5 years at a predetermined fixed price.

There were no share options granted or exercised during the year.

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

# **Abloy Security Limited**

## **Dividends**

The directors do not recommend the payment of a dividend (1996 : Nil).

## **Charitable donations**

During the year the company made various charitable donations totalling £625 (1996: £697).

## **Statement of directors' responsibilities**

The directors are required by UK Company law to prepare financial statements for each financial year that 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.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1997.

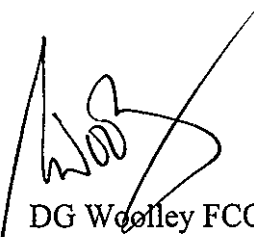
The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records, 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 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

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 4 to 14.

### **Respective responsibilities of directors and auditors**

As described on page 2 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.

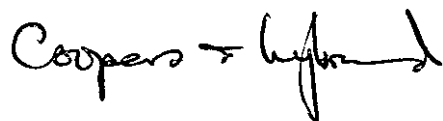
### **Basis of opinion**

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 at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand  
Chartered Accountants and Registered Auditors

Croydon  
6 May 1998

# Abloy Security Limited

## Profit and loss account for the year ended 31 December 1997

Continuing operations	Note	1997	1996
		£'000	£'000
Turnover	2	6,293	5,798
Cost of sales		<u>(3,532)</u>	<u>(3,085)</u>
Gross profit		2,761	2,713
Distribution costs		(1,309)	(1,360)
Administrative expenses		<u>(1,002)</u>	<u>(991)</u>
Operating profit		450	362
Interest receivable and similar income	6	69	37
Interest payable and similar charges	7	-	(2)
Profit on ordinary activities before taxation	3	519	397
Taxation on profit on ordinary activities	8	<u>(156)</u>	<u>(145)</u>
Retained profit for the financial year	16	<u>363</u>	<u>252</u>

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

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

# Abloy Security Limited

## Balance sheet at 31 December 1997

	Note	1997		1996	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	9		199		206
Investments	10		-		-
<b>Current assets</b>					
Stocks	11	612		577	
Debtors: amounts falling due within one year	12	1,186		1,071	
Cash at bank and in hand		406		234	
		<u>2,204</u>		<u>1,882</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>1,051</u>		<u>(1,099)</u>	
<b>Net current assets</b>			<u>1,153</u>		<u>783</u>
<b>Net assets</b>			<u>1,352</u>		<u>989</u>
<b>Capital and reserves</b>					
Called up share capital	15		275		275
Share premium account	16		398		398
Profit and loss account	16		<u>679</u>		<u>316</u>
<b>Total shareholders' funds</b>	17		<u>1,352</u>		<u>989</u>

The financial statements on pages 4 to 14 were approved by the board of directors on 1 May 1998  
and were signed on its behalf by:



**RC Rice**  
**Director**

# **Abloy Security Limited**

## **Notes to the financial statements for the year ended 31 December 1997**

### **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**

## **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.

# Abloy Security Limited

## 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.

## 2 Analysis of turnover

	1997	1996
	£'000	£'000
United Kingdom	5,909	5,480
Rest of Europe	384	318
	<u>6,293</u>	<u>5,798</u>

## 3 Profit on ordinary activities before taxation

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

	1997	1996
	£'000	£'000
Depreciation	36	45
Auditors' remuneration:		
Audit	11	13
Other services	-	8
Operating lease rentals - hire of plant and machinery	21	21
- other	227	316
Rent receivable	(45)	(15)
Profit on disposal of fixed assets	-	(3)

# Abloy Security Limited

## 4 Remuneration of directors

	1997	1996
	£'000	£'000
Aggregate emoluments	<u>104</u>	<u>84</u>

## 5 Staff numbers and costs

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

	Number of employees	
	1997	1996
Office and management	9	9
Warehouse and sales	<u>41</u>	<u>44</u>
	<u>50</u>	<u>53</u>

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

	1997	1996
	£'000	£'000
Wages and salaries	1,101	1,008
Social security costs	107	100
Other pension costs (see note 21)	<u>43</u>	<u>28</u>
	<u>1,251</u>	<u>1,136</u>

## 6 Interest receivable and similar income

	1997	1996
	£'000	£'000
Interest receivable from short term deposits	24	21
Rent receivable from investment and short let property	45	15
Interest receivable on overdue taxation	<u>-</u>	<u>1</u>
	<u>69</u>	<u>37</u>

# Abloy Security Limited

## 7 Interest payable and similar charges

	1997	1996
	£'000	£'000
On loans from fellow subsidiary undertaking	-	2

## 8 Taxation

	1997	1996
	£'000	£'000
UK corporation tax at 31.5% (1996: 33%) on the profit for the year on ordinary activities	153	149
Adjustment relating to prior years	3	(4)
	<u>156</u>	<u>145</u>

## 9 Tangible fixed assets

	Long leasehold investment property	Short leasehold property	Motor vehicles	Plant fixtures & fittings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At beginning of year	95	24	25	617	761
Additions	-	-	-	29	29
Disposals	-	-	(1)	(22)	(23)
<b>At end of year</b>	<u>95</u>	<u>24</u>	<u>24</u>	<u>624</u>	<u>767</u>
<b>Depreciation</b>					
At beginning of year	-	(7)	(1)	(547)	(555)
Charge for year	-	(3)	(6)	(27)	(36)
On disposals	-	-	1	22	23
<b>At end of year</b>	<u>-</u>	<u>(10)</u>	<u>(6)</u>	<u>(552)</u>	<u>(568)</u>
<b>Net book value</b>					
At 31 December 1997	<u>95</u>	<u>14</u>	<u>18</u>	<u>72</u>	<u>199</u>
At 31 December 1996	<u>95</u>	<u>17</u>	<u>24</u>	<u>70</u>	<u>206</u>

# Abloy Security Limited

The long leasehold investment property comprises:

	1997	1996
	£'000	£'000
Land	16	16
Buildings	79	79
	<u>          </u>	<u>          </u>
Valuation	95	95
	<u>          </u>	<u>          </u>

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 1997.

## 10 Investments

	£
Shares in subsidiary undertakings	
Cost at beginning and end of year	100
	<u>          </u>

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

## 11 Stocks

	1997	1996
	£'000	£'000
Finished goods	612	577
	<u>          </u>	<u>          </u>

## 12 Debtors

	1997	1996
	£'000	£'000
Amounts falling due within one year		
Trade debtors	916	839
Amounts owed by parent and fellow subsidiary undertakings	11	4
Amounts owed by subsidiary undertaking	121	107
Other debtors	18	15
Prepayments	120	106
	<u>          </u>	<u>          </u>
	1,186	1,071
	<u>          </u>	<u>          </u>

# Abloy Security Limited

## 13 Creditors: amounts falling due within one year

	1997	1996
	£'000	£'000
Trade creditors	198	151
Amounts owed to parent and fellow subsidiary undertakings	281	327
Corporation tax	153	149
Other taxation and social security	163	185
Accruals	256	287
	<u>1,051</u>	<u>1,099</u>

Included within accruals is an amount of £82,000 (1996: £128,000) representing the amount by which future obligations relating to a leasehold property will exceed the amount recoverable through the rental of the property.

## 14 Deferred taxation

	Unprovided deferred tax liability / (asset)	
	1997	1996
	£'000	£'000
Accelerated capital allowances on investment property	25	27
Depreciation in advance of tax allowances on other fixed assets	(9)	(11)
Other timing differences	(33)	(55)
	<u>(17)</u>	<u>(39)</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

	1997	1996
	£'000	£'000
<b>Authorised</b>		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	<u>275</u>	<u>275</u>

# Abloy Security Limited

## 16 Reserves

	Profit and loss account £'000	Share premium account £'000
At 31 December 1996	316	398
Retained profit for the year	363	-
	<hr/>	<hr/>
At 31 December 1997	<u>679</u>	<u>398</u>

## 17 Reconciliation of movements in shareholders' funds

	1997 £'000	1996 £'000
Profit for the financial year	363	252
Opening shareholders' funds	<u>989</u>	<u>737</u>
	<hr/>	<hr/>
Closing shareholders' funds	<u>1,352</u>	<u>989</u>

## 18 Contingent liabilities

The company has given guarantees amounting to £40,000 (1996: £40,000) relating to deferred duty and value added tax and £70,000 (1996: £70,000) in respect of Bankers Automated Clearing Services.

## 19 Capital commitments

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

	1997 £'000	1996 £'000
Contracted	<u>1</u>	<u>-</u>

# Abloy Security Limited

## 20 Financial commitments

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

	1997		1996	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year		19	-	24
In the second to fifth years inclusive		49	-	58
Over five years	188		188	-
	<u>188</u>	<u>68</u>	<u>188</u>	<u>82</u>

## 21 Pension Scheme

The company operates two money purchase pension scheme as described in note 1 and also contributes to the employees personal pension scheme. The pension charge for the period represents contributions payable by the company to the schemes and amounted to £43,000 (1996:£28,000).

An amount of £2,779 (1996:£Nil) was prepaid for contributions at the year end. There were no contributions outstanding (1996:£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 companies voting rights are controlled within the group.