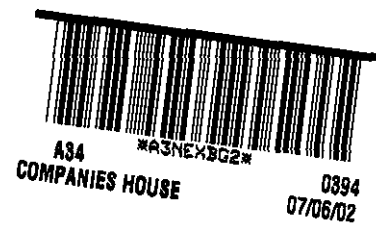


# **Abloy Security Limited**

## **Annual Report**

**for the year ended 31 December 2001**

**Registered number 2078532**



# **Abloy Security Limited**

## **Annual Report**

**for the year ended 31 December 2001**

|                                   | <b>Pages</b> |
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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 2001.

### **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  
D R Horton (resigned 24/04/01)  
O Hansen  
G Norcott (appointed 26/05/01)

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

### **Results and dividends**

The results for the year are set out on page 4. The profit for the year amounted to £518,000 (2000: £447,000).

The directors have declared a dividend of £Nil for the year (2000: £250,000).

### **Charitable donations**

During the year the company made charitable donations totalling £384 (2000: £350).

### **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;

# Abloy Security Limited

- 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.

The directors are responsible for the maintenance and integrity of the company's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## 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  
16 April 2002

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

# **Abloy Security Limited**

## **Independent auditors' report to the members of Abloy Security Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 Companies Act 1985. 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.

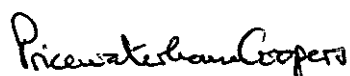
### **Basis of audit opinion**

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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
**Chartered Accountants and Registered Auditors**  
**Croydon**  
17 April 2002

# Abloy Security Limited

## Profit and loss account for the year ended 31 December 2001

| Continuing operations                                | Note | 2001         | 2000         |
|------------------------------------------------------|------|--------------|--------------|
|                                                      |      | £'000        | £'000        |
| Turnover                                             | 2    | 6,606        | 5,928        |
| Cost of sales                                        |      | (3,683)      | (3,330)      |
| <b>Gross profit</b>                                  |      | <b>2,923</b> | <b>2,598</b> |
| Distribution costs                                   |      | (1,516)      | (1,348)      |
| Administrative expenses                              |      | (739)        | (709)        |
| <b>Operating profit</b>                              |      | <b>668</b>   | <b>541</b>   |
| Income from shares in group undertakings             |      | -            | 25           |
| Interest receivable and similar income               | 6    | 91           | 97           |
| <b>Profit on ordinary activities before taxation</b> | 3    | <b>759</b>   | <b>663</b>   |
| Taxation on profit on ordinary activities            | 7    | (241)        | (216)        |
| <b>Profit on ordinary activities after taxation</b>  |      | <b>518</b>   | <b>447</b>   |
| Dividends                                            | 8    | -            | (250)        |
| <b>Retained profit for the financial year</b>        | 17   | <b>518</b>   | <b>197</b>   |

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 for the year stated above, and their historical cost equivalents.

# Abloy Security Limited

## Balance sheet at 31 December 2001

|                                                       | Notes | 2001<br>£'000 | 2000<br>£'000 |
|-------------------------------------------------------|-------|---------------|---------------|
| <b>Fixed assets</b>                                   |       |               |               |
| Tangible assets                                       | 9     | 377           | 180           |
| Investments                                           | 10    | -             | -             |
|                                                       |       | <u>377</u>    | <u>180</u>    |
| <b>Current assets</b>                                 |       |               |               |
| Stocks                                                | 11    | 783           | 632           |
| Debtors                                               | 12    | 1,339         | 1,418         |
| Cash at bank and in hand                              |       | 874           | 411           |
|                                                       |       | <u>2,996</u>  | <u>2,461</u>  |
| <b>Creditors: amounts falling due within one year</b> | 13    | <u>1,013</u>  | <u>938</u>    |
| <b>Net current assets</b>                             |       | <u>1,983</u>  | <u>1,523</u>  |
| <b>Provision for liabilities and charges</b>          | 14    | <u>74</u>     | <u>37</u>     |
| <b>Net assets</b>                                     |       | <u>2,286</u>  | <u>1,666</u>  |
| <b>Capital and reserves revaluation reserve</b>       |       |               |               |
| Called up share capital                               | 16    | 275           | 275           |
| Share premium account                                 | 17    | 398           | 398           |
| Revaluation reserve                                   | 17    | 102           | -             |
| Profit and loss account                               | 17    | 1,511         | 993           |
| <b>Equity shareholders' funds</b>                     | 18    | <u>2,286</u>  | <u>1,666</u>  |

The financial statements on pages 4 to 13 were approved by the board of directors on 16 April 2002 and were signed on its behalf by:



**RC Rice**  
**Director**

# **Abloy Security Limited**

## **Notes to the financial statements**

### **for the year ended 31 December 2001**

#### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Financial Reporting Standard 18 – Accounting Policies, effective for accounting periods ending on or after 22 June 2001 has been adopted. The directors have reviewed the company's accounting policies and consider that the financial statements are prepared in accordance with FRS 18.

#### **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 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. Turnover is recognised when the goods have been despatched.

#### **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 |
|----------------------------|-------------|
| 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 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

|                | 2001<br>£'000 | 2000<br>£'000 |
|----------------|---------------|---------------|
| United Kingdom | 6,061         | 5,483         |
| Rest of Europe | 545           | 445           |
|                | <u>6,606</u>  | <u>5,928</u>  |

## 3 Profit on ordinary activities before taxation

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

|                                                       | 2001<br>£'000 | 2000<br>£'000 |
|-------------------------------------------------------|---------------|---------------|
| Depreciation (Note 9)                                 | 38            | 30            |
| Auditors' remuneration: Audit                         | 11            | 11            |
| Operating lease rentals - hire of plant and machinery | 14            | 12            |
| - other                                               | 273           | 267           |
| Rent receivable                                       | <u>(70)</u>   | <u>(70)</u>   |

## 4 Directors' emoluments

|                      | 2001<br>£'000 | 2000<br>£'000 |
|----------------------|---------------|---------------|
| Aggregate emoluments | <u>120</u>    | <u>118</u>    |

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

## 5 Employee information

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

|                       | Number of employees |           |
|-----------------------|---------------------|-----------|
|                       | 2001                | 2000      |
| Office and management | 7                   | 7         |
| Operations and sales  | 40                  | 37        |
|                       | <u>47</u>           | <u>44</u> |

# Abloy Security Limited

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

|                                   | 2001<br>£'000 | 2000<br>£'000 |
|-----------------------------------|---------------|---------------|
| Wages and salaries                | 1,236         | 1,149         |
| Social security costs             | 139           | 131           |
| Other pension costs (see note 21) | 58            | 51            |
|                                   | <u>1,433</u>  | <u>1,331</u>  |

## 6 Interest receivable and similar income

|                                              | 2001<br>£'000 | 2000<br>£'000 |
|----------------------------------------------|---------------|---------------|
| Interest receivable from short term deposits | 21            | 27            |
| Rent receivable from investment property     | 70            | 70            |
|                                              | <u>91</u>     | <u>97</u>     |

## 7 Taxation

|                                                                                           | 2001<br>£'000 | 2000<br>£'000 |
|-------------------------------------------------------------------------------------------|---------------|---------------|
| UK corporation tax at 30 % (2000: 30 %) on the profit for the year on ordinary activities | 234           | 198           |
| Deferred tax                                                                              | 7             | 18            |
|                                                                                           | <u>241</u>    | <u>216</u>    |

## 8 Dividends

|                           | 2001<br>£'000 | 2000<br>£'000 |
|---------------------------|---------------|---------------|
| Equity – ordinary<br>Paid | -             | 250           |

# Abloy Security Limited

## 9 Tangible fixed assets

|                            | Long<br>leasehold<br>investment<br>property<br>£'000 | Short<br>leasehold<br>property<br>£'000 | Plant<br>fixtures &<br>fittings<br>£'000 | Total<br>£'000 |
|----------------------------|------------------------------------------------------|-----------------------------------------|------------------------------------------|----------------|
| <b>Cost or valuation</b>   |                                                      |                                         |                                          |                |
| At 1 January 2001          | 95                                                   | 24                                      | 326                                      | 445            |
| Additions                  | -                                                    | -                                       | 133                                      | 133            |
| Revaluation in the year    | 102                                                  | -                                       | -                                        | 102            |
| Disposals                  | -                                                    | -                                       | (108)                                    | (108)          |
| <b>At 31 December 2001</b> | <b>197</b>                                           | <b>24</b>                               | <b>351</b>                               | <b>572</b>     |
| <b>Depreciation</b>        |                                                      |                                         |                                          |                |
| At 1 January 2001          | -                                                    | (13)                                    | (252)                                    | (265)          |
| Charge for year            | -                                                    | (1)                                     | (37)                                     | (38)           |
| Disposals                  | -                                                    | -                                       | 108                                      | 108            |
| <b>At 31 December 2001</b> | <b>-</b>                                             | <b>(14)</b>                             | <b>(181)</b>                             | <b>(195)</b>   |
| <b>Net book value</b>      |                                                      |                                         |                                          |                |
| <b>At 31 December 2001</b> | <b>197</b>                                           | <b>10</b>                               | <b>170</b>                               | <b>377</b>     |
| At 31 December 2000        | 95                                                   | 11                                      | 74                                       | 180            |

The long leasehold investment property comprises:

|           | 2001<br>£'000 | 2000<br>£'000 |
|-----------|---------------|---------------|
| Land      | 33            | 16            |
| Buildings | 164           | 79            |
| Valuation | 197           | 95            |

The investment property represents three industrial units out of eighteen which are let to a local authority on a 999 year fully repairing lease. As a result, it is only possible to value the site as a whole and to apportion a value to each unit based on this.

The investment property was revalued during the year by the company secretary, based on the sale price of one unit in February 2001.

## 10 Investments

£

### Shares in subsidiary undertakings

Cost at 1 January 2001 and 31 December 2001

200

The company owns 100% of the called up ordinary shares of Abloy Security Limited (which did not trade in the year), which is incorporated in the Republic of Ireland and Medeco Security Locks which is incorporated in England. Medeco Security Locks' principal activity during the year was the supply of security products. The above investments are unlisted.

# Abloy Security Limited

## 11 Stocks

|                | 2001<br>£'000 | 2000<br>£'000 |
|----------------|---------------|---------------|
| Finished goods | <u>783</u>    | <u>632</u>    |

## 12 Debtors

|                                             | 2001<br>£'000 | 2000<br>£'000 |
|---------------------------------------------|---------------|---------------|
| <b>Amounts falling due within one year:</b> |               |               |
| Trade debtors                               | 974           | 1,010         |
| Amounts owed by group undertaking           | 165           | 295           |
| Other debtors                               | 10            | 2             |
| Prepayments                                 | 190           | 111           |
|                                             | <u>1,339</u>  | <u>1,418</u>  |

## 13 Creditors: amounts falling due within one year

|                                    | 2001<br>£'000 | 2000<br>£'000 |
|------------------------------------|---------------|---------------|
| Trade creditors                    | 172           | 201           |
| Amounts owed to group undertakings | 179           | 221           |
| Corporation tax                    | 236           | 131           |
| Other taxation and social security | 271           | 221           |
| Accruals                           | 155           | 164           |
|                                    | <u>1,013</u>  | <u>938</u>    |

## 14. Provision for liabilities and charges

|                                        | Deferred<br>Taxation<br>(note 15)<br>£'000 | Leasehold<br>Property<br>£'000 | Total<br>£'000 |
|----------------------------------------|--------------------------------------------|--------------------------------|----------------|
| At 1 January 2001                      | 18                                         | 19                             | 37             |
| Utilised in the year                   | -                                          | (19)                           | (19)           |
| Charged to the profit and loss account | 7                                          | 49                             | 56             |
| <b>At 31 December 2001</b>             | <u>25</u>                                  | <u>49</u>                      | <u>74</u>      |

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

# Abloy Security Limited

## 15 Deferred taxation

|                                                         | Deferred tax liability<br>/ (asset) |               |
|---------------------------------------------------------|-------------------------------------|---------------|
|                                                         | 2001<br>£'000                       | 2000<br>£'000 |
| Accelerated capital allowances - on investment property | 24                                  | 24            |
| - on other fixed assets                                 | 1                                   | (6)           |
|                                                         | <u>25</u>                           | <u>18</u>     |

## 16 Called up share capital

|                                           | 2001<br>£'000 | 2000<br>£'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>    |

## 17 Reserves

|                                  | Share<br>premium<br>account<br>£'000 | Revaluation<br>reserve<br>£'000 | Profit and<br>loss<br>account<br>£'000 |
|----------------------------------|--------------------------------------|---------------------------------|----------------------------------------|
| At 31 December 2000              | 398                                  | -                               | 993                                    |
| Retained profit for the year     | -                                    | -                               | 518                                    |
| Revaluation in the year (note 9) | -                                    | 102                             | -                                      |
| <b>At 31 December 2001</b>       | <u><b>398</b></u>                    | <u><b>102</b></u>               | <u><b>1,511</b></u>                    |

## 18 Reconciliation of movements in shareholders' funds

|                                    | 2001<br>£'000       | 2000<br>£'000       |
|------------------------------------|---------------------|---------------------|
| Profit for the year                | 518                 | 447                 |
| Surplus on revaluation of property | 102                 | -                   |
| Dividends paid                     | -                   | (250)               |
| Opening shareholders' funds        | <u>1,666</u>        | <u>1,469</u>        |
| <b>Closing shareholders' funds</b> | <u><b>2,286</b></u> | <u><b>1,666</b></u> |

# Abloy Security Limited

## 19 Capital commitments

There were no capital commitments at the end of the financial year for which no provision has been made.

## 20 Financial commitments

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

|                                        | 2001                           |                | 2000                           |                |
|----------------------------------------|--------------------------------|----------------|--------------------------------|----------------|
|                                        | Land and<br>buildings<br>£'000 | Other<br>£'000 | Land and<br>buildings<br>£'000 | Other<br>£'000 |
| Operating leases which expire:         |                                |                |                                |                |
| Within one year                        | -                              | 8              | -                              | 17             |
| In the second to fifth years inclusive | -                              | 80             | -                              | 53             |
| Over five years                        | 188                            | -              | 188                            | -              |
|                                        | <u>188</u>                     | <u>88</u>      | <u>188</u>                     | <u>70</u>      |

## 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 £ 58,000 (2000: £51,000).

An amount of £6,000 (2000: £4,000) was prepaid for contributions at the year end. There were no contributions outstanding (2000: £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.