

# Arran Isle Limited

Annual report and financial statements for the year ended  
31 December 2022

Registered number: 07044474



## COMPANY INFORMATION

### Directors

R G A Barr	(resigned 17 June 2022)
C Browning	(appointed 17 June 2022)
R Karcher	(resigned 17 June 2022)
R M McTighe	(resigned 17 June 2022)
M J Richards	(resigned 17 June 2022)
M Wardhaugh	(resigned 17 June 2022)
H J Warrender	(appointed 17 June 2022)
M S Wild	(resigned 17 June 2022)

### Secretary

R H Balbi

### Auditor

Ernst & Young LLP  
Citygate  
St James Boulevard  
Newcastle  
NE1 4JD

### Registered Office

Portobello  
School Street  
Willenhall  
England  
WV13 3PW

# STRATEGIC REPORT

The Directors present their strategic report for Arran Isle Limited ("the Company") for the year ended 31 December 2022.

The Company has chosen in accordance with Section 414C(ii) of the Companies Act 2006 to set out in the company strategic report the following which the directors believe to be of strategic importance:

- Principal activities
- Results and dividends
- Key performance indicators
- Sale of the Group to ASSA ABLOY
- Future developments
- Risk management
- Going concern

## Principal activities

Arran Isle Limited is an intermediate holding company within the ASSA ABLOY group of companies and is expected to remain as such for the foreseeable future. The Company directly or indirectly owns all of the Arran Isle Group's trading operations.

## Results and dividends

There was a profit for the year of £1.8m (2021: £3.7m profit). The Directors do not recommend the payment of a dividend this year (2021: £nil).

## Key performance indicators

As an intermediate holding company, the Directors focus on total shareholders' funds as a key performance indicator for the Company. As at 31 December 2022 this stood at £43.4m (2021: £42.1m).

## Sale of the Group to ASSA ABLOY

On 24 September 2021, the Company signed a definitive agreement to sell the Group headed by it to ASSA ABLOY Limited ("ASSA ABLOY"). The deal completed on 17 June 2022 following regulatory approval in the UK and Ireland. The current ultimate parent is detailed in note 17.

## Future developments

Management do not believe there are any future developments to note.

## Risk management

The Company operates a comprehensive risk management review framework, a process that allows the Directors to identify, evaluate and manage potential risks and uncertainties that could have a material impact on the Company's performance.

### *Funding risk*

At the prior year end, the Company was party to the Group's £15.0m global asset-based funding facility with Wells Fargo Capital Finance (UK) Limited and was subject to a normal fixed charge cover ratio covenant. Following the sale to ASSA ABLOY, the Group exited this facility in favour of a cash pool facility with the ASSA ABLOY AB Group treasury function which ensures the Company has sufficient available funds.

### *Cash flow and interest rate risk*

Surplus cash is lent to or received from the Group's in-house treasury companies via cash-pooled bank accounts. Such amounts are repayable on demand. The Company is at risk from interest rate movements on loans with fellow Group undertakings.

### *Liquidity risk*

The Company forecasts its short- and longer-term cash needs. The Company invests its surplus funds with or requests funding from the Group's in-house treasury companies via the cash-pooled bank accounts.

## STRATEGIC REPORT CONTINUED

### *Pension risk*

The Company also holds a defined benefit pension (note 7). Movements in financial markets and the impact of new legislation could increase the risk of inadequate funding of the defined benefit pension scheme. The pension funding status is regularly reviewed by ASSA ABLOY Treasury and professional advisors are consulted regarding the impact of legislative changes.

### *The current geopolitical and economic climate*

The current geopolitical and economic climate has been considered with specific reference to the conflict between Russia and Ukraine and the high inflationary environment. To mitigate this risk, the Company is monitoring the impact of these factors and already has contingency plans in place where relevant. The impact to the Company is not deemed to be material as it is a holding company.

### *Climate related risks*

In preparing the financial statements, management has considered the impact of climate change, and the possible impact of climate-related business risks. No material issues were identified that would impact the carrying values of the Company's assets or liabilities, or have any other material impact on the financial statements.

### **Going concern**

The Company operates within a cash pool with other entities within the ASSA ABLOY AB Group ("the Group") and has access to an overdraft facility within the Group operated cash pool of c.£10.0m, all of which is monitored through the Group treasury function and has no fixed term. At the year end the Company had a net overdraft of £0.4m which includes the Company's net cash pool balance.


The Company has no operations of its own, it is fully reliant upon the parent company to provide this support as well as additional funding to allow the Company to settle its liabilities as they fall due.

The Company's intermediate parent company, ASSA ABLOY Limited, has received a letter of financial support from its immediate parent company, ASSA ABLOY AB, confirming that the Group will, if required, provide financial support to ASSA ABLOY Limited for the period to 31 March 2025. ASSA ABLOY Limited has in turn provided a letter of support to the Company for the period until 31 December 2024.

The Directors of ASSA ABLOY Limited have considered information regarding the Group's ability to provide financial support to ASSA ABLOY Limited. This information includes the Group's unaudited financial information for the 6 month period to 30 June 2023 and the Group's Annual Report and Accounts for the year ended 31 December 2022. The Directors of the Company have in turn made enquiries of the Directors of ASSA ABLOY Limited to confirm that ASSA ABLOY Limited has the ability to provide financial support.

The Directors have concluded that, if required, ASSA ABLOY Limited will be able to provide financial support to the Company until 31 December 2024, noting the financial position of the Group. Accordingly, the Directors are satisfied that they have a reasonable basis upon which to conclude the Company is able to meet its liabilities as they fall due in the foreseeable future and it remains appropriate to prepare the financial statements on a going concern basis.

Approved by order of the Board on 25 September 2023 and signed on its behalf by

DocuSigned by:  
  
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**H Warrender**  
Director

# DIRECTORS' REPORT

The Directors present their annual report and audited financial statements of the Company for the year ended 31 December 2022.

## Directors

The Directors who served the Company during the year and since are listed on the Company Information page at the beginning of the annual accounts and financial statements.

## Charitable and political donations

The Company made no charitable or political donations during the current or preceding financial year.

## Auditor

During the year, Grant Thornton UK LLP resigned and Ernst & Young LLP were appointed as auditor.

Pursuant to s485, Companies Act 2006, resolutions excluding the Company from the obligation to hold annual general meetings and re-elect an auditor annually have been passed by the Company.

## Information in the strategic report

Information is not shown in the Directors' report in relation to future developments, risk management and dividends because equal disclosure has been shown in the strategic report instead under S414C (11).

## Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.


## DIRECTORS' REPORT CONTINUED

### Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board on 25 September 2023.

DocuSigned by:  
  
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**H Warrender**  
Director

# REPORT OF THE INDEPENDENT AUDITOR'S TO THE MEMBERS OF ARRAN ISLE LIMITED

## Opinion

We have audited the financial statements of Arran Isle Limited for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

# REPORT OF THE INDEPENDENT AUDITOR'S TO THE MEMBERS OF ARRAN ISLE LIMITED CONTINUED

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the financial reporting framework (FRS 101 and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulations in the United Kingdom. In addition, the Company complies with laws and regulations relating to health and safety, employees, and data protection.
- We understood how the Company is complying with those frameworks by holding enquiries with management and those charged with governance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by obtaining and reading Company policies and holding enquiries of management and those charged with governance. Through these procedures we considered the risk of management override in relation to manual journals as the key area of focus. We obtained the entire population of journals for the period, identifying specific transactions for further investigation based on certain risk criteria. We understood the transactions identified for testing and agreed them to source documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
  - Enquiry of management and those charged with governance as to any fraud identified or suspected in the period, any actual or potential litigation or claims or breaches of significant laws or regulations applicable to the Company;
  - Auditing the risk of management override of controls, through enquiry of management as well as testing of a sample of journal entries based on certain risk criteria for appropriateness; and

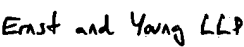
## REPORT OF THE INDEPENDENT AUDITOR'S TO THE MEMBERS OF ARRAN ISLE LIMITED CONTINUED

- o Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Stephanie Beaumont (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP (Statutory Auditor)  
Newcastle upon Tyne  
25 September 2023

**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 DECEMBER 2022**

		<b>2022</b>	<b>2021</b>
	Note	<b>£'000</b>	<b>£'000</b>
<b>CONTINUING OPERATIONS</b>			
<b>GROSS PROFIT</b>		<b>—</b>	<b>—</b>
Administrative expenses		<b>(590)</b>	<b>(699)</b>
<b>OPERATING LOSS</b>	2	<b>(590)</b>	<b>(699)</b>
Interest payable and similar costs	3	<b>(99)</b>	<b>(50)</b>
Interest receivable and similar income	3	<b>1,075</b>	<b>470</b>
Dividends received	4	<b>—</b>	<b>4,000</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>386</b>	<b>3,721</b>
Tax on profit on ordinary activities	5	<b>1,391</b>	<b>11</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>1,777</b>	<b>3,732</b>
<b>OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:</b>			
Actuarial (loss)/gain on defined benefit pension scheme	7	<b>(868)</b>	<b>11,398</b>
Deferred tax on actuarial (loss) / gain	11	<b>304</b>	<b>(3,370)</b>
<b>OTHER COMPREHENSIVE (EXPENSE) / INCOME FOR THE YEAR NET OF TAX</b>		<b>(564)</b>	<b>8,028</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX</b>		<b>1,213</b>	<b>11,760</b>

The accounts and notes on pages 8 to 23 form part of these financial statements.

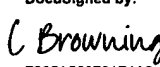
# BALANCE SHEET

AT 31 DECEMBER 2022

		2022	2021
	Note	£'000	£'000
<b>FIXED ASSETS</b>			
Investments	6	8,027	8,027
Defined benefit pension asset	7	15,591	7,789
Deferred income tax asset	11	1,900	—
		<b>25,518</b>	<b>15,816</b>
<b>CURRENT ASSETS</b>			
Debtors: falling due within one year	8	30,192	28,968
Cash at bank and in hand	9	31	—
		<b>30,223</b>	<b>28,968</b>
<b>CURRENT LIABILITIES</b>			
Creditors: falling due within one year	10	8,010	—
Cash equivalents	9	390	—
Deferred income tax liability	11	3,991	2,647
		<b>12,391</b>	<b>2,647</b>
<b>NET CURRENT ASSETS</b>		<b>17,832</b>	<b>26,321</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>43,350</b>	<b>42,137</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	—	—
Retained earnings	13	43,350	42,137
<b>TOTAL EQUITY</b>		<b>43,350</b>	<b>42,137</b>

Following its acquisition by ASSA ABLOY Limited, the Company has adopted the Companies Act 2006 financial statements format 1 for its prime statements to be consistent with its new Group.

The accounts and notes on pages 8 to 23 were approved by the Board of Directors on 25 September 2023 and are signed on its behalf by:

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**C Browning**  
 Director

# STATEMENT OF CHANGES IN EQUITY

## YEAR ENDED 31 DECEMBER 2022

		Share capital	Retained earnings	Total Equity
	Note	£'000	£'000	£'000
<b>AT 1 JANUARY 2021</b>		—	30,377	30,377
Profit for the year		—	3,732	3,732
Actuarial gain on defined benefit pension plan	7	—	11,398	11,398
Deferred tax on actuarial gain on defined benefit pension plan	11	—	(3,370)	(3,370)
Total comprehensive income for the year		—	11,760	11,760
<b>AT 1 JANUARY 2022</b>		—	42,137	42,137
Profit for the year		—	1,777	1,777
Actuarial loss on defined benefit pension plan	7	—	(868)	(868)
Deferred tax on actuarial loss on defined benefit pension plan	11	—	304	304
Total comprehensive income for the year		—	1,213	1,213
<b>AT 31 DECEMBER 2022</b>		—	43,350	43,350

The above was entirely attributable to the owners of the Company.

There were no transactions with the owners in the current or preceding year that impacted net equity.

# NOTES TO THE ACCOUNTS

## YEAR ENDED 31 DECEMBER 2022

### 1 ACCOUNTING POLICIES

#### Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101).

Arran Isle Limited is a private Company limited by shares, incorporated and domiciled in England and Wales, registered number 07044474. The registered office address can be found on the Company information page.

#### Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and the principal accounting policies as summarised below. They have all been applied consistently throughout the year.

The financial statements have been prepared under the historic cost convention.

#### Parent company

The Company is a wholly owned subsidiary of ASSA ABLOY Limited. On 17 June 2022, the Group headed by the Company was sold to ASSA ABLOY Limited, whose ultimate parent undertaking is ASSA ABLOY AB, a company incorporated in Sweden. The Company has taken advantage of the s400 Companies House exemption on preparing group accounts, due to the Company being included in the EEA accounts of a larger group (s400 CA 2006).

#### Financial statements format

Following its acquisition by ASSA ABLOY Limited, the Company has adopted the Companies Act 2006 financial statements format 1 for its prime statements to be consistent with its new Group.

#### Disclosure exemptions adopted

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

#### Standards in issue, not yet effective

No new standards, new interpretations or amendments to standards or interpretations have been published which are expected to have a significant impact on the Company's financial statements, and none have been early adopted.

#### Going concern

The Company operates within a cash pool with other entities within the ASSA ABLOY AB Group ("the Group") and has access to an overdraft facility within the Group operated cash pool of c.£10.0m, all of which is monitored through the Group treasury function and has no fixed term. At the year end the Company had a net overdraft of £0.4m which includes the Company's net cash pool balance.

The Company has no operations of its own, it is fully reliant upon the parent company to provide this support as well as additional funding to allow the Company to settle its liabilities as they fall due.

The Company's intermediate parent company, ASSA ABLOY Limited, has received a letter of financial support from its immediate parent company, ASSA ABLOY AB, confirming that the Group will, if required, provide financial support to ASSA ABLOY Limited for the period to 31 March 2025. ASSA ABLOY Limited has in turn provided a letter of support to the Company for the period until 31 December 2024.

# NOTES TO THE ACCOUNTS CONTINUED

## YEAR ENDED 31 DECEMBER 2022

### 1 ACCOUNTING POLICIES CONTINUED

#### Going Concern continued

The Directors of ASSA ABLOY Limited have considered information regarding the Group's ability to provide financial support to ASSA ABLOY Limited. This information includes the Group's unaudited financial information for the 6 month period to 30 June 2023 and the Group's Annual Report and Accounts for the year ended 31 December 2022. The Directors of the Company have in turn made enquiries of the Directors of ASSA ABLOY Limited to confirm that ASSA ABLOY Limited has the ability to provide financial support.

The Directors have concluded that, if required, ASSA ABLOY Limited will be able to provide financial support to the Company until 31 December 2024, noting the financial position of the Group. Accordingly, the Directors are satisfied that they have a reasonable basis upon which to conclude the Company is able to meet its liabilities as they fall due in the foreseeable future and it remains appropriate to prepare the financial statements on a going concern basis.

#### Investments

Fixed asset investments in subsidiaries are held at cost, less provision for impairment. Gains and losses are recognised in profit or loss as and when the investments are impaired.

#### Income tax

##### *Current tax*

Current tax for the current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount payable, the excess is recognised as an asset. The benefits relating to a tax loss that can be carried back to recover current tax of a previous period are held as an asset.

##### *Deferred tax*

Deferred income tax is provided on temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and financial asset investments, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and financial asset investments, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date and increased or reduced to the extent that it fulfils the criteria for recognition, or it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the Income Statement.

# NOTES TO THE ACCOUNTS CONTINUED

## YEAR ENDED 31 DECEMBER 2022

### 1 ACCOUNTING POLICIES CONTINUED

#### Pensions

The Company operates a defined benefit pension plan. The scheme is closed to new members and future accrual, instead membership of a defined contribution plan is available. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Company) and the return on Plan assets (excluding net interest), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of the date of the Plan amendment or curtailment, and the date that the Company recognises restructuring related costs. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises these changes in the net defined benefit obligation under finance income or costs.

#### Cash and cash equivalents

Cash and cash equivalents include cash and bank balances (net of overdrafts). The Company is also part of an ASSA ABLOY AB group cash pooling arrangement. Amounts held by the Company within the cash pool are included within cash equivalents. This is presented as an asset or liability in the Balance Sheet depending on whether the net position is in hand or overdrawn.

#### Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions. The key sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are detailed below.

#### *Recognition of deferred tax*

Judgements around the recognition and non-recognition of deferred tax assets are discussed in notes 5 and 11.

### 2 OPERATING LOSS

Audit fees are borne by a fellow Group company in both the current and prior year.

The Company has no employees and staff costs relate exclusively to the pension scheme (note 7). Statutory directors are remunerated by a fellow Group company however four of those directors do not hold directorships of another company in the Group and therefore their remuneration has been presented below;

	2022 £'000	2021 £'000
Emoluments	210	443

The amounts in respect of the highest paid Director are as follows:

	2022 £'000	2021 £'000
Emoluments	65	138

There were no company contributions paid to defined contribution pension schemes on behalf of these directors.

# NOTES TO THE ACCOUNTS CONTINUED

## YEAR ENDED 31 DECEMBER 2022

### 3 INTEREST RECEIVABLE AND PAYABLE

	2022 £'000	2021 £'000
<i>Interest receivable and other income</i>		
Interest receivable from Group companies	853	470
Notional interest on pensions (note 7)	222	—
	<b>1,075</b>	<b>470</b>
	2022 £'000	2021 £'000
<i>Interest payable and other costs</i>		
Interest payable to Group companies	99	—
Notional interest on pensions (note 7)	—	50
	<b>99</b>	<b>50</b>

### 4 DIVIDENDS RECEIVED

	2022 £'000	2021 £'000
Dividends received from subsidiaries	—	4,000

### 5 TAX ON PROFIT

#### (i) Tax credit included in the income statement

	2022 £'000	2021 £'000
Current taxation		
Corporation tax at 19% (2021: 19%)	(1,139)	(23)
Adjustments in respect of prior years	—	—
Deferred taxation (note 11)		
Current year	(252)	12
Impact of change in tax laws and rates	—	—
	<b>(1,391)</b>	<b>(11)</b>

Current taxation includes £nil relating to operating exceptional items (2021: £nil).

#### (ii) The tax credit on the profit for the year is disclosed as follows:

	2022 £'000	2021 £'000
Income tax credit on continuing operations	(1,391)	(11)

#### (iii) Tax income / (expense) reported in the Statement of Comprehensive Income

	2022 £'000	2021 £'000
Deferred tax on actuarial gains and losses on defined benefit pension plan (note 7)	304	(3,370)

## NOTES TO THE ACCOUNTS CONTINUED

### YEAR ENDED 31 DECEMBER 2022

#### 5 TAX ON PROFIT CONTINUED

- (iv) Factors affecting total tax credit – the tax assessed on the profit for the year differs from the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are reconciled below:

	2022 £'000	2021 £'000
Profit on continuing operations before taxation	386	3,721
Taxation at the UK statutory rate of 19% (2021: 19%)	74	707
Share scheme deduction	(2,067)	—
Non-taxable income	—	(760)
Difference in current and deferred tax rates	602	42
Adjustments in respect of previous periods current taxation	—	—
Total tax credit for the period	(1,391)	(11)

The share scheme deduction arose due to certain employee share incentive arrangements, under the terms of which share option awards were exercised as part of the sale of shares in the Company (note 16). Tax relief is available to the Company by reference to the gains made by employee participants on the exercise of the share option awards (2021: £nil). In 2021 non-taxable income includes £760,000 relating to tax exempt dividends.

- (v) There are losses carried forward of £8,449,000 (2021: £851,000) that are available to be offset against future suitable taxable profits. A deferred tax asset has been recognised in relation to £7,598,000 of losses as it is considered that there is a high probability of utilisation in the near future (note 11). No deferred tax asset has been recognised relating to the remaining losses of £851,000 as it is not considered that there is a high enough probability of utilisation in the near future to justify recognition.

- (vi) Changes in current tax rates

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017. However, in March 2021, Finance Bill 2021 included measures to increase the standard rate of corporation tax rate to 25% with effect from 1 April 2023. Finance Bill 2021 was enacted in June 2021 and accordingly, these rates are applicable to the measurement of UK deferred tax assets and liabilities at 31 December 2022 and, except as noted below in relation to the pension scheme surplus, deferred tax has been provided at 25% (2021: 25%), being the rate at which temporary differences are expected to reverse.

As per note 7, the UK pension scheme is in a surplus position at the balance sheet date. The scheme is closed to future accrual and the Group's parent company is entitled to a refund of any surplus should the scheme be wound up. The withholding tax charge on any surplus received by the Group's parent company is currently 35% and, as such, this is the appropriate rate at which to provide the associated deferred tax (2021: 35%).

# NOTES TO THE ACCOUNTS CONTINUED

## YEAR ENDED 31 DECEMBER 2022

### 6 FIXED ASSET INVESTMENTS

	Investments in subsidiaries £'000
Cost	
At 1 January and 31 December 2022	8,027
Provision for impairment	
At 1 January and 31 December 2022	—
Net book values	
At 31 December 2022	8,027
At 31 December 2021	8,027

The Company has the following investments in subsidiaries:

	Registered address	Class of share held	Ownership
Arran Isle Holdings Limited	Portobello, School Street, Willenhall WV13 3PW	Ordinary	100%
<i>Designing and distributing fenestration hardware</i>			
Heywood Williams Components Limited	Portobello, School Street, Willenhall WV13 3PW	Ordinary	100%
Mila Limited (Ireland)	13-18 City Quay, Dublin, Ireland	Ordinary	100%
Mila Beslag AS (Denmark)	H C Ørstedes Vej 18, DK-3000, Helsingør, Denmark	Ordinary	100%
UAB Mila Baltics (Lithuania)*	Kirtimų g. 59A, Vilnius, Lithuania	Ordinary	100%
<i>Designing and distributing architectural hardware</i>			
Carlisle Brass Limited	Portobello, School Street, Willenhall WV13 3PW	Ordinary	100%
Locks & Hardware Limited (Ireland)	13-18 City Quay, Dublin, Ireland	Ordinary	100%
<i>Manufacturing architectural hardware</i>			
AI BEI XIN (Hangzhou) Machinery Limited (China)	193 Hongda Road, Hangzhou, Zhejiang, 311200	Ordinary	100%
<i>Non-Trading Companies</i>			
Dawnforest Limited	Portobello, School Street, Willenhall WV13 3PW	Ordinary	100%
Planet Overseas Holdings Limited	Portobello, School Street, Willenhall WV13 3PW	Ordinary	100%
Balmar Limited (Ireland)	13-18 City Quay, Dublin, Ireland	Ordinary	100%
Carlisle Brass Ironmongery Trading LLC (Dubai)	c/o Portobello, School Street, Willenhall WV13 3PW	Ordinary	100%

\* An 83.25% share was held in UAB Mila Baltics at the end of 2021. The remaining 16.75% represented a non-controlling interest in the business and was purchased during the year.

# NOTES TO THE ACCOUNTS CONTINUED

## YEAR ENDED 31 DECEMBER 2022

### 7 PENSION ARRANGEMENTS

#### Defined benefit scheme

The defined benefit scheme is now closed to new entrants and future accrual.

The benefits of this scheme are based upon years of pensionable service and final pensionable remuneration of the employees as defined under the respective scheme provisions. A sole independent Trustee (Ross Trustee Services Limited) is responsible for the operation and governance of the Plan, including making decisions regarding the Plan's funding and investment strategy, in conjunction with the Company. Future employer contributions to the scheme are at rates determined by independent qualified actuaries based upon triennial actuarial valuations.

The Company's funding policy is to ensure that assets are sufficient to cover accrued service liabilities. The most recent triennial full valuation was carried out as at 31 December 2020, and the actuaries reported that:

- (i) the actuarial method used in the valuation of the scheme was the projected unit credit method;
- (ii) the principal actuarial assumptions were that the discount rate was 1.0 per cent per annum and the annual increase in inflation was 3.2 per cent and 2.3 per cent per annum for RPI and CPI respectively; and
- (iii) the market value of the assets of the scheme was £164.4m representing 94 per cent of the value of benefits accrued to members.

No amounts were owed to the Company by the scheme as at 31 December 2022 (2021: £nil).

The Company contributed £9.0m to the UK Plan in 2022 (2021: £0.9m). The Company is not currently committed to making regular contributions.

The contributions made to date and the scheme's surplus position at the year end have been considered in line with IFRIC 14 and management have concluded that the accounting complies with its requirements.

The pension scheme Trustee has second ranking all assets security over the shares of the UK companies below Arran Isle Limited along with a guarantee of indebtedness from Arran Isle Limited in the event of termination and wind up of the scheme, second ranking all assets security over the Irish companies and a charge over the shares in the Irish and Danish companies. In addition, the pension scheme Trustee has first ranking security over the UK and Irish freehold property.

The Plan is governed under the Plan's current Trust Deed and Rules dated 19 July 2002. The Trustee is responsible for the operation and governance of the Plan, including making decisions regarding the Plan's funding and investment strategy.

#### Information about the risks of the defined benefit scheme to the Company

The ultimate cost of the scheme will depend on actual future events rather than assumptions made. It is unlikely that many of the assumptions made will be borne out in practice and as such, the actual cost of the scheme may be higher (or lower) than disclosed. The main risk to the Company is that the assumptions underlying the disclosures, or the contribution requirements calculated, are not borne out in practice, resulting in the cost to the Company being higher than expected. This could result in higher contributions being needed from the Company and a lower surplus/higher deficit disclosed within the Annual Report & Financial Statements.

# NOTES TO THE ACCOUNTS CONTINUED

## YEAR ENDED 31 DECEMBER 2022

### 7 PENSION ARRANGEMENTS CONTINUED

More specific risks could include:

- falls in asset values (in particular bond values) are not matched by similar falls in the value of liabilities. As the scheme has a proportion of its assets invested in return-seeking assets, the difference between the asset value and the IAS 19 liabilities may be volatile;
- the return on the scheme's assets is lower than assumed resulting in unaffordable contribution requirements for the Company;
- a large proportion of the liabilities is linked to inflation, with higher inflation leading to higher liabilities. In times of extreme inflation, caps on the level of inflationary increase mean these are restricted to protect the scheme. The majority of the scheme's assets are either unaffected by changes in inflation or are only loosely correlated, meaning that higher inflation is likely to lead to higher deficits;
- the majority of the benefits are payable for the duration of the member's life. Unanticipated future increases in life expectancy will, therefore, increase the liabilities; and
- the uptake of member options (e.g. early retirement or commutation of pension into cash sums at retirement) could result in higher (or lower) liabilities remaining than anticipated.

#### IAS 19

Disclosures in accordance with IAS 19 are set out below in respect of the defined benefit scheme. The principal assumptions used for the purpose of the IAS 19 valuations were as follows:

	2022	2021
Discount rate	4.75%	1.85%
Future pension increases	2.90%*	3.35%*
Price inflation		
CPI	2.60%	2.80%
RPI	3.25%	3.45%
Assumed life expectancy for a 65 year old		
Male – pensioner	21 years	22 years
Male – non-pensioner	21 years	22 years
Female – pensioner	24 years	24 years
Female – non-pensioner	24 years	25 years

\* The rate of future pension increases of 2.90% applies only to benefits which increase in line with RPI, max 5% p.a.

The Group recognised total retirement benefit (income)/costs as follows:

	2022 £'000	2021 £'000
Net interest on defined benefit liability (note 3)	(222)	50
(Income)/cost recognised in net finance income	(222)	50
Past service cost	—	—
Administration costs recognised in the Statement of Comprehensive Income (note 2)	535	606
Cost recognised in the operating loss for the year	535	606
Total cost recognised in the Statement of Comprehensive Income	313	656

# NOTES TO THE ACCOUNTS CONTINUED

## YEAR ENDED 31 DECEMBER 2022

### 7 PENSION ARRANGEMENTS CONTINUED

The remeasurement components recognised in Other Comprehensive Income:

	2022 £'000	2021 £'000
Actuarial loss/(gain) due to liability experience	4,625	(5,557)
Actuarial gain due to liability assumption changes	(50,788)	(6,879)
Actuarial gain arising during period	(46,163)	(12,436)
Return on Plan assets less than discount rate	47,031	1,038
Remeasurement effects recognised in Other Comprehensive Income	868	(11,398)

The pension loss/(gain) included in the Statement of Comprehensive Income is stated net of the related deferred tax adjustment (note 11).

The following table shows the change in present value of defined benefit obligations, the change in scheme assets and the funded status recognised in the financial statements:

	2022 £'000	2021 £'000
Defined benefit obligation (DBO)	(100,435)	(150,560)
Fair value of assets (FVA)	116,026	158,349
Net defined benefit asset	15,591	7,789

The Plan is in surplus and is classified in the Balance Sheet as a non-current asset (2021: non-current asset).

The movements in the net defined benefit pension asset are as follows:

	2022 £'000	2021 £'000
Net defined benefit asset/(liability) at end of prior period	7,789	(3,870)
Past service cost	—	—
Net interest on defined benefit asset/(liability)	222	(50)
Remeasurement effects recognised in Other Comprehensive Income	(868)	11,398
Employer contributions	8,983	917
Administration costs incurred during the period	(535)	(606)
Net defined benefit asset at end of current period	15,591	7,789

# NOTES TO THE ACCOUNTS CONTINUED

## YEAR ENDED 31 DECEMBER 2022

### 7 PENSION ARRANGEMENTS CONTINUED

The change in the present value of defined benefit obligations (DBO) is as follows:

	2022 £'000	2021 £'000
DBO at end of prior period	150,560	168,256
Past service cost	—	—
Interest cost on the DBO	2,724	2,221
Actuarial loss/(gain) - experience	4,625	(5,557)
Actuarial gain - demographic assumptions	(1,295)	(1,191)
Actuarial gain - financial assumptions	(49,493)	(5,688)
Benefits paid from Plan assets	(6,686)	(7,481)
DBO at end of current period	100,435	150,560

The following table shows the change in the fair value of scheme assets:

	2022 £'000	2021 £'000
Fair value of assets at end of prior period	158,349	164,386
Interest income on Plan assets	2,946	2,171
Return on Plan assets (less)/greater than discount rate	(47,031)	(1,038)
Employer contributions	8,983	917
Benefits paid from Plan assets	(6,686)	(7,481)
Administration costs incurred during the period	(535)	(606)
Fair value of assets at end of current period	116,026	158,349

The major categories of scheme assets as at 31 December 2022 are as follows:

	Quoted £'000	Unquoted £'000	Total £'000
Matching Linked Bonds	38,995	—	38,995
Corporate Bonds	61,655	7,003	68,658
Real estate/property	—	5,420	5,420
Insured liabilities	—	57	57
Cash and cash equivalents	2,896	—	2,896
Fair value of assets at end of current period	103,546	12,480	116,026

The fair value of scheme assets does not include any equities in respect of the Group's own financial instruments (2021: £nil) and the Plan has not invested in any of the Group's own properties.

# NOTES TO THE ACCOUNTS CONTINUED

## YEAR ENDED 31 DECEMBER 2022

### 7 PENSION ARRANGEMENTS CONTINUED

The expected maturity of the undiscounted future benefit payments is:

	£'000
Expected benefit payments during fiscal year ending 31-Dec-23	6,802
Expected benefit payments during fiscal year ending 31-Dec-24	6,920
Expected benefit payments during fiscal year ending 31-Dec-25	7,041
Expected benefit payments during fiscal year ending 31-Dec-26	7,163
Expected benefit payments during fiscal year ending 31-Dec-27	7,288
Expected benefit payments during fiscal years ending 31-Dec-28 through 31-Dec-32	38,382

#### *Sensitivity analysis*

The following is an approximate sensitivity analysis of the impact of a change in the key assumptions as noted above. In isolation, the changes would adjust the defined benefit obligation (DBO) as shown.

	Increase/(decrease) in DBO £'000
Discount rate increase of 0.1%	(1,148)
Price inflation increase of 0.1%	664
RPI increase of 0.1%	358
CPI increase of 0.1%	305
Life expectancy increase of one year	3,260

The assumed average duration of the defined benefit plan obligation at the end of the reporting period is 16 years (2020: 16 years).

Information in this note has been prepared with the assistance and advice of actuaries.

### 8 DEBTORS

	2022 £'000	2021 £'000
Amounts owed by Group companies excluding corporation tax group relief	29,053	28,944
Plus amounts relating to corporation tax group relief	1,139	24
	30,192	28,968

### 9 CASH AND CASH EQUIVALENTS

	2022 £'000	2021 £'000
Cash	31	—
Cash equivalents	(390)	—
	(359)	—

# NOTES TO THE ACCOUNTS CONTINUED

## YEAR ENDED 31 DECEMBER 2022

### 10 CREDITORS

	2022 £'000	2021 £'000
Accruals	10	—
Amounts due to Group companies	8,000	—
	<b>8,010</b>	<b>—</b>

### 11 DEFERRED TAX

Deferred tax is provided for at 25% (2021: 25%).

	2022 £'000	2021 £'000
Net deferred tax liability/(asset) at the beginning of the year	2,647	(735)
(Credit) / charge to the Statement of Comprehensive Income (note 5)	(304)	3,370
(Credit) / charge to the Income Statement for the year (note 5)	(252)	12
Net deferred tax liability at 31 December	<b>2,091</b>	<b>2,647</b>

Amounts provided for deferred taxation are as set out below:

	2022 £'000	2021 £'000
Deferred income tax asset	(1,900)	-
Deferred income tax liability	3,991	2,647
	<b>2,091</b>	<b>2,647</b>

	2022 £'000	2021 £'000
Deferred income tax asset analysed as:		
Losses available for offsetting against future taxable income	(1,900)	-
	<b>(1,900)</b>	<b>-</b>

	2022 £'000	2021 £'000
Deferred income tax liability analysed as:		
Defined benefit pensions surplus	3,991	2,647
	<b>3,991</b>	<b>2,647</b>

A deferred tax asset of £1,900,000 has been recognised in relation to losses which are considered to have a high probability of utilisation in the near future. Due to insufficient evidence of the availability of suitable taxable profits, there were unrecognised potential deferred tax assets of £213,000 relating to additional losses where it is not considered likely that these assets will be recoverable in the foreseeable future.

Full recognition has been made of the £3,991,000 deferred tax liability relating to the Group's defined benefit pension scheme (2021: £2,647,000).

# NOTES TO THE ACCOUNTS CONTINUED

## YEAR ENDED 31 DECEMBER 2022

### 12 CALLED UP SHARE CAPITAL

	Authorised, allotted and fully paid			
	2022	2022	2021	2021
	Number	£	Number	£
Ordinary Shares of 0.001p	21,619,990	216	21,619,990	216

### 13 RESERVES

Called-up share capital	The nominal value of shares that have been issued
Retained earnings	All current and prior period retained profits and losses

### 14 CONTINGENCIES

The Company is party to legal actions and claims which have arisen in the normal course of business. The results of the actions and claims cannot be forecast with certainty, but the Directors believe that they will be concluded without any material effect on the net assets of the Company.

### 15 COMMITMENTS

The Company is party to a net overdraft facility of £100 provided to the Group in the UK, which incorporates the right of set off. There is a composite Company limited multilateral guarantee dated 21 November 2013 given by the Group Companies.

As at 31 December 2022 and 2021 the Directors had not contracted for any future capital expenditure and had no leased assets. The Company also had no contingent liabilities.

### 16 RELATED PARTIES

Note 1 details the exemptions taken with respect to related parties.

During the prior year, the Directors sold 3,678,000 shares to the Arran Isle Group's Employee Benefit Trust (EBT), which is not a subsidiary of the Company, at a value of £2 per share. The Directors then collectively owned 16,226,238 shares, with their combined shareholding reduced from 92.06% to 75.05%.

On 17 June 2022, these Directors then sold all their remaining shares to ASSA ABLOY Limited. On the same day, Arran Isle Group employees who, through the EBT, held options over 4,589,344 shares, exercised those options and purchased the shares, which they then immediately sold to ASSA ABLOY Limited. At the same time, the EBT also sold the remaining 804,408 shares to ASSA ABLOY Limited, with the proceeds raised distributed to certain other group employees.

### 17 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's immediate parent undertaking is ASSA ABLOY Limited, a company incorporated in England and Wales.

The ultimate parent undertaking is ASSA ABLOY AB, incorporated in Sweden, and is the only group of undertakings for which group accounts are drawn up and of which the Company is a member. The consolidated financial statements are available to the public and may be obtained from ASSA ABLOY AB, Klarabergsviadukten 90, Box 70340, S-10723 Stockholm, Sweden.