

**Adams Rite Europe Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2010**

Registered number 1217948

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# **Adams Rite Europe Limited**

## **Annual report and financial statements for the year ended 31 December 2010**

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# **Adams Rite Europe Limited**

## **Directors and advisors for the year ended 31 December 2010**

### **Directors**

C Bailey  
S Baker  
J Sasse  
D Wigglesworth

### **Secretary and registered office**

C Bailey  
School Street  
Willenhall  
West Midlands  
WV13 3PW

### **Independent auditors**

PricewaterhouseCoopers LLP  
Donington Court  
Pegasus Business Park  
Castle Donington  
East Midlands  
DE74 2UZ

# **Adams Rite Europe Limited**

## **Directors' report for the year ended 31 December 2010**

The directors present their report together with the audited financial statements for the year ended 31 December 2010

### **Results and dividends**

The company's profit for the financial year is £432,000 (2009 £254,000) The directors did not propose or pay a dividend during the financial year (2009 £nil)

### **Principal activities, review of business and future developments**

The principal activity of the company during the period was the sale of maximum security locks, emergency and panic exit hardware, access control products, door closers, ancillary architectural hardware and the manufacture of security, ballistic and blast resistant doors

The directors are satisfied with the overall performance of the company during the year despite a decline in sales revenue over the previous year This was due to the door division which given the economic downturn in the construction market in the year was to be expected

Product development played a major part in the overall strategy for the year and in spite of the associated costs the margins and profitability were improved because of improved cost controls following the amalgamation into the Willenhall site the previous year

Following a review by the directors the door division's trade and net assets were transferred to Assa Abloy Limited (a fellow group company) in July 2011

### **Key performance indicators**

As the company is part of a larger group, the management of the company does not involve the use of key performance indicators specific to Adams Rite Europe Limited as a legal entity, other than the profit or loss for the year, in measuring the development, performance or the position of the company For information on the development, performance and position of the ASSA ABLOY AB group companies (the 'Group') as a whole, and of the key performance indicators used by the Group, refer to the Operating and Financial Review included in ASSA ABLOY's AB's Annual Report and Accounts 2010, which does not form part of this report

### **Research and development**

The company recognises the benefit of research and development spending As part of a global group, this may include development of products from other subsidiaries of ASSA ABLOY AB as well as products developed specifically for the UK market

### **Financial risk management**

The company's operations expose it to a variety of financial risks that include foreign exchange risk, credit risk and liquidity risk The company has in place a risk management programme that seeks to limit adverse effects on its financial performance The policies set by the directors are implemented by the company's management team

# **Adams Rite Europe Limited**

## **Directors' report for the year ended 31 December 2010 (continued)**

### *Foreign exchange risk*

The company is exposed to currency risk when it has binding commercial or financial obligations in a currency other than its functional currency and the related cash inflows and outflows are not equal in amounts and timing

Activities are focused on transactional cash flows which arise predominantly from receivables and payables. The company operates within the ASSA ABLOY AB Group treasury function which seeks to mitigate foreign exchange risk

### *Credit risk*

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is regularly reassessed by the management of the company

### *Liquidity risk*

The company actively maintains short term debt finance through the ASSA ABLOY AB Group treasury function that is designed to ensure the company has sufficient available funds for its operations and planned expansions

## **Directors**

The directors of the company during the year were

C Bailey

S Baker (appointed 24 March 2011)

R S Kreidel (resigned 24 March 2011)

J Sasse

D Wigglesworth

## **Employee involvement**

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the in-house newsletters, briefings and the distribution of the annual report

# **Adams Rite Europe Limited**

## **Directors' report for the year ended 31 December 2010 (continued)**

### **Statement of directors' responsibilities**

The directors are responsible for preparing 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 law). 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 of the company 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,
- 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.

### **Statement of disclosure of information to auditors**

In the case of each of the persons who are directors at the time when this report was approved under Section 418 of the Companies Act 2006, the following applies

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information and to establish that the company's auditors are aware of that information

### **Auditors**

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting

On behalf of the board

C Bailey  
Director



29<sup>th</sup> September 2011

Company Registered Number 1217948

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADAMS RITE EUROPE LIMITED**

We have audited the financial statements of Adams Rite Europe Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

As explained more fully in the Statement of Directors' Responsibilities the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

## **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 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.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADAMS RITE EUROPE LIMITED (continued)**

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

We have nothing to report in respect of the following matters where 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



Paul Nott (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

East Midlands

29<sup>th</sup> September 2011

# Adams Rite Europe Limited

## Profit and loss account for the year ended 31 December 2010

		2010	2009
	Note	£'000	£'000
<b>Turnover</b>	2	<b>5,915</b>	6,080
Cost of sales		<b>(3,638)</b>	(4,122)
<b>Gross profit</b>		<b>2,277</b>	1,958
Administrative expenses		<b>(135)</b>	(57)
Selling and distribution expenses		<b>(1,502)</b>	(1,604)
<b>Operating profit</b>	3	<b>640</b>	297
Interest receivable and similar income	6	-	12
<b>Profit on ordinary activities before taxation</b>		<b>640</b>	309
Taxation on profit on ordinary activities	7	<b>(208)</b>	(55)
<b>Profit for the financial year</b>	17	<b>432</b>	254

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

All results derive from continuing operations

There is no material difference between the loss on ordinary activities before taxation and the loss for the period stated above and their historical cost equivalent

# Adams Rite Europe Limited

## Balance sheet as at 31 December 2010

		2010	2009
	Note	£'000	£'000
<b>Fixed assets</b>			
Intangible assets	8	14	22
Tangible assets	9	-	170
Investments in subsidiaries	10	-	-
		<b>14</b>	<b>192</b>
<b>Current assets</b>			
Stock	11	650	692
Debtors	12	2,091	1,834
Cash at bank and in hand		4,695	4,391
		<b>7,436</b>	<b>6,917</b>
<b>Creditors</b> , amounts falling due within one year	13	<b>(1,615)</b>	<b>(1,706)</b>
<b>Net current assets</b>		<b>5,821</b>	<b>5,211</b>
<b>Net assets</b>		<b>5,835</b>	<b>5,403</b>
<b>Capital and reserves</b>			
Called up share capital	15	50	50
Profit and loss reserve	16	5,785	5,353
<b>Total shareholders' funds</b>	17	<b>5,835</b>	<b>5,403</b>

The financial statements on pages 7 to 19 were approved by the board of directors and authorised for issue on 29<sup>th</sup> September 2011



C Bailey  
Director

# **Adams Rite Europe Limited**

## **Notes to the financial statements for the year ended 31 December 2010**

### **1 Accounting policies**

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards. The principal accounting policies, which have been consistently applied, are set out below.

#### **Consolidated financial statements**

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 401 of the Companies Act 2006 as the company is included in the consolidated accounts of Assa Abloy AB. These financial statements therefore present information about the company as an individual undertaking and not about its group.

#### **Goodwill**

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life, which is 10 years. Impairment tests on the carrying value of goodwill are undertaken

- at the end of the first full financial year following acquisition,
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### **Turnover**

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

#### **Depreciation**

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Short leasehold improvements	- 10% - 15% per annum straight line
Furniture and fittings	- 15% - 50% per annum straight line
Plant and machinery	- 15% - 20% per annum straight line

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

#### **Investments**

Fixed asset investments are held at cost less provision for permanent diminution in value. Fixed asset investments are reviewed for impairment on an annual basis with any changes being charged directly through the profit and loss account.

# **Adams Rite Europe Limited**

## **Notes to the financial statements for the year ended 31 December 2010 (continued)**

### **1 Accounting policies (continued)**

#### **Foreign currency**

Assets and liabilities are translated at the rate of exchange ruling at the balance sheet date or the date of exchange applying to related foreign exchange contracts. Transactions in foreign currencies are translated at the average monthly rate of exchange for sales transactions or the actual rate obtained in related foreign contracts for purchases. Differences are dealt with in the profit and loss account.

#### **Deferred taxation**

Deferred taxation is provided on an undiscounted basis at the anticipated tax rates, to the extent that legislation supporting such rates has been substantially enacted, on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Liabilities are fully provided and assets are recognised to the extent that it is more likely than not that they will be realised.

#### **Leased assets**

The company utilises operating leases wherein annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

#### **Pension costs**

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

#### **Research and development expenditure**

Research and development expenditure is charged directly to the profit and loss account in the period in which cost is incurred.

#### **Cash flow statement**

The company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of Assa Abloy AB and its cash flows are included in the consolidated cash flow statement of that company.

#### **Related party disclosures**

The company has taken the exemption within FRS 8 "Related Party Disclosures" from disclosing transactions with other companies within the Assa Abloy AB group.

# Adams Rite Europe Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 2 Turnover

#### Geographical destination

	2010	2009
	£'000	£'000
United Kingdom	5,587	5,666
Rest of Europe	296	378
Rest of the World	32	36
	5,915	6,080

#### Class of business

	2010	2009
	£'000	£'000
Locking Solutions	4,315	4,255
High Security Doors	1,600	1,825
	5,915	6,080

### 3 Operating profit

	2010	2009
	£'000	£'000
<b>Operating profit is stated after charging.</b>		
Depreciation of tangible fixed assets	27	38
Amortisation of positive goodwill	8	8
Hire of other assets – operating leases	9	8
Research and development expenditure	33	89
Audit services	14	13

# Adams Rite Europe Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 4 Employees

Staff costs (including directors) consist of

	2010	2009
	£'000	£'000
Wages and salaries	1,085	1,162
Social security costs	110	118
Other pension costs	40	71
	1,235	1,351

The average number of employees (including directors) during the year was as follows

	2010	2009
	Number	Number
Production	10	10
Selling and distribution	18	21
	28	31

# Adams Rite Europe Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 5 Directors' emoluments

	2010	2009
	£'000	£'000
Directors' emoluments	-	-
<b>Highest paid director</b>		
Emoluments in respect of qualifying services	-	-

There were no directors in the company's defined contribution pension scheme during the year (2009 Nil)

All directors' emoluments and services were borne by another group company, Assa Abloy Limited

### 6 Interest receivable and similar income

	2010	2009
	£'000	£'000
Interest receivable on bank deposits	-	12

### 7 Taxation on profit on ordinary activities

	2010	2009
	£'000	£'000
<b>Current tax:</b>		
UK Corporation tax on profits of the period	175	87
Adjustment in respect of previous periods	-	(7)
<b>Total current tax</b>	<b>175</b>	<b>80</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	14	(12)
Adjustment in respect of previous periods	19	(13)
<b>Total deferred tax</b>	<b>33</b>	<b>(25)</b>
<b>Taxation on profit on ordinary activities</b>	<b>208</b>	<b>55</b>

# Adams Rite Europe Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 7 Taxation on profit on ordinary activities (continued)

The tax assessed for the period is lower (2009 lower) than the standard rate of corporation tax in the UK of 28%. The differences are explained below

	2010	2009
	£'000	£'000
Profit on ordinary activities before tax	640	309
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009 28%)	179	87
Effects of		
Expenses/(income) not deductible for tax purposes	3	(12)
Accelerated capital allowances and other timing differences	(7)	(8)
Short term timing differences	-	20
Adjustments to tax charge in respect of previous period	-	(7)
<b>Current tax charge for year</b>	<b>175</b>	<b>80</b>

### 8 Intangible assets

	Purchased goodwill
	£'000
<b>Cost or valuation</b>	
At 31 December 2009 and 31 December 2010	84
<b>Amortisation</b>	
At 31 December 2009	62
Charge for the year	8
<b>At 31 December 2010</b>	<b>70</b>
<b>Net book value</b>	
<b>At 31 December 2010</b>	<b>14</b>
At 31 December 2009	22

# Adams Rite Europe Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 9 Tangible fixed assets

	Short leasehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 31 December 2009	30	308	21	359
Transfers	(30)	(308)	(21)	(359)
<b>At 31 December 2010</b>	-	-	-	-
<b>Depreciation</b>				
At 31 December 2009	30	155	4	189
Charge for the year	-	25	2	27
Transfers	(30)	(180)	(6)	(216)
<b>At 31 December 2010</b>	-	-	-	-
<b>Net book value</b>				
<b>At 31 December 2010</b>	-	-	-	-
At 31 December 2009	-	153	17	170

All fixed assets were transferred during the year to Assa Abloy Limited, another group company, at net book value

# Adams Rite Europe Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 10 Fixed asset investment

	Group undertakings
	£
<b>Net book value</b>	
At 31 December 2009 and 31 December 2010	1

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Subsidiary undertaking - Safeguard Doors Limited	England	100	Supply of security doors
Participating interest - Adams Rite Asia Limited	Hong Kong	10	Dormant

### 11 Stocks

	2010	2009
	£'000	£'000
Work in progress	111	119
Finished goods and goods for resale	539	573
	650	692

There is no material difference between the replacement cost of stocks and the amounts stated above

# Adams Rite Europe Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 12 Debtors

	2010	2009
	£'000	£'000
Trade debtors	1,076	968
Amounts owed by group undertakings	596	653
Deferred taxation (note 14)	2	35
Prepayments and accrued income	417	178
	2,091	1,834

All amounts shown under debtors fall due for payment within one year

Amounts due from group undertakings are unsecured, interest free and repayable on demand

### 13 Creditors: amounts falling due within one year

	2010	2009
	£'000	£'000
Trade creditors	191	254
Amounts owed to group undertakings	665	697
Other taxation and social security	667	647
Accruals and deferred income	92	108
	1,615	1,706

Amounts due to group undertakings are unsecured, interest free and repayable on demand

# Adams Rite Europe Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 14 Deferred tax asset

	Deferred taxation  £'000
At 1 January 2010	35
Debited to profit and loss account	(33)
<b>At 31 December 2010</b>	<b>2</b>

Deferred taxation comprises other short term timing differences. Deferred taxation has been fully provided in the financial statements at a rate of 27% (2009 28%)

### 15 Share capital

	2010 £'000	2009 £'000
<b>Allotted and fully paid up</b>		
50,000 ordinary shares of £1 each	50	50

### 16 Reserves

	Profit and loss reserve  £'000
At 1 January 2010	5,353
Profit for the year	432
<b>At 31 December 2010</b>	<b>5,785</b>

# Adams Rite Europe Limited

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 17 Reconciliation of movements in total shareholders' funds

	2010	2009
	£'000	£'000
Profit for the year	432	254
Opening shareholders' funds	5,403	5,149
Closing shareholders' funds	5,835	5,403

### 18 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £40,000 (2009: £71,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

### 19 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2010	2009
	Land and buildings £'000	Land and buildings £'000
Operating leases which expire		
In two to five years	9	9

### 20 Ultimate parent company and parent undertaking of larger group

At 31 December 2010 the ultimate controlling party was Assa Abloy AB, a company incorporated in Sweden.

The largest group in which the results of the company are consolidated is that headed by Assa Abloy AB, incorporated in Sweden. The smallest group in which they are consolidated is that headed by Adams Rite Manufacturing Co, incorporated in the USA.

### 21 Subsequent events

The Safeguard Doors division's trade and net assets were transferred to Assa Abloy Limited, a fellow group company, in July 2011.