

Adams Rite Europe Limited
Annual report and financial statements
for the year ended 31 December 2011

Registered number 01217948



Adams Rite Europe Limited

Annual report and financial statements for the year ended 31 December 2011

Contents	Page
Directors and advisors for the year ended 31 December 2011	1
Directors' report for the year ended 31 December 2011	2
Independent auditors' report to the members of Adams Rite Europe Limited	5
Profit and loss account for the year ended 31 December 2011	7
Balance Sheet as at 31 December 2011	8
Notes to the financial statements for the year ended 31 December 2011	9

Adams Rite Europe Limited

Directors and advisors for the year ended 31 December 2011

Directors

C Bailey
S Baker
J Sasse
D Wigglesworth

Company 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 2011

The directors present their report together with the audited financial statements of the company for the year ended 31 December 2011

Results and dividends

The company's profit for the financial year is £493,000 (2010 £432,000) The directors did not propose or pay a dividend during the financial year (2010 £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 decline was expected given the economic downturn in the construction industry during the year

Product development plays a major strategy for the company contributing to healthy margins and profitability

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 2011, 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

Principal risks and uncertainties

As with all trading businesses, the company is exposed to risks during the conduct of its normal business operations Mitigation actions and strategies to reduce the impact are agreed and in place where possible The company maintains a range of insurance policies against major insurable risks including damage to property and equipment and employment Whilst it is not possible to record or quantify every material risk within the company, below is a summary of the key risk that the directors believe could have a material impact on future performance and also how this risk has been mitigated

Adams Rite Europe Limited

Directors' report for the year ended 31 December 2011 (continued)

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.

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 who were in office during the year and up to the date of signing the financial statements were:

C Bailey
S Baker (appointed 24 March 2011)
R Kreidel (resigned 24 March 2011)
J Sasse
D Wigglesworth

Qualifying third party indemnity provisions

During the financial year and also at the date of approval of the financial statements a qualifying third party indemnity provision was in place for the benefit of all directors of the company.

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 2011 (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 prepared 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.

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:

so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

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.

Independent 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

15th May 2012

Company Registered Number 01217948

Adams Rite Europe Limited

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 2011 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 set out on page 4 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. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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 Director's Report for the financial year for which the financial statements are prepared with the financial statements

Adams Rite Europe Limited

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

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

15th May 2012

Adams Rite Europe Limited

Profit and loss account for the year ended 31 December 2011

		2011	2010
	Note	£'000	£'000
Turnover	2	5,732	5,915
Cost of sales		(3,370)	(3,638)
Gross profit		2,362	2,277
Administrative expenses		(336)	(135)
Distribution expenses		(1,353)	(1,502)
Profit on ordinary activities before taxation	3	673	640
Tax on profit on ordinary activities	6	(180)	(208)
Profit for the financial year	14	493	432

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 profit on ordinary activities before taxation and the profit for the period stated above and their historical cost equivalent

Adams Rite Europe Limited

Balance sheet as at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Intangible assets	7	6	14
Investments	8	-	-
		6	14
Current assets			
Stocks	9	523	650
Debtors	10	1,884	2,091
Cash at bank and in hand		5,474	4,695
		7,881	7,436
Creditors' amounts falling due within one year	11	(1,559)	(1,615)
Net current assets		6,322	5,821
Net assets		6,328	5,835
Capital and reserves			
Called up share capital	13	50	50
Profit and loss account	14	6,278	5,785
Total shareholders' funds	15	6,328	5,835

The financial statements on pages 7 to 18 were approved by the board of directors and authorised for issue on 15th May 2012



C Bailey
Director

Adams Rite Europe Limited

Notes to the financial statements

For the year ended 31 December 2011

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 400 of the Companies Act 2006 as the company is included in the consolidated financial statements 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 comprises the fair value of goods sold, excluding VAT and discounts. The company's turnover arises principally from the sales of products. Service related to products sold makes up a limited fraction of turnover. Turnover from sales of the company's products is recognised when all significant risks and rewards associated with ownership are transferred to the purchaser in accordance with applicable conditions of sale, which is normally upon delivery.

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.

Fixed asset 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 2011 (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

The company operates a defined contribution scheme. The scheme is generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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 2011 (continued)

2 Turnover

Geographical destination

	2011	2010
	£'000	£'000
United Kingdom	5,629	5,587
Rest of Europe	58	296
Rest of the World	45	32
	5,732	5,915

Class of business

	2011	2010
	£'000	£'000
Locking Solutions	4,666	4,315
High Security Doors	1,066	1,600
	5,732	5,915

3 Profit on ordinary activities before taxation

	2011	2010
	£'000	£'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	-	27
Amortisation of positive goodwill	8	8
Hire of other assets – operating leases	-	9
Research and development expenditure	26	33
Audit services	14	14

Adams Rite Europe Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

4 Employees

Staff costs (including directors) consist of

	2011	2010
	£'000	£'000
Wages and salaries	850	1,085
Social security costs	88	110
Other pension costs	37	40
	975	1,235

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

	2011	2010
	Number	Number
Production	7	10
Selling and distribution	14	18
	21	28

5 Directors' emoluments

	2011	2010
	£'000	£'000
Directors' emoluments	-	-
Highest paid director		
Emoluments in respect of qualifying services	-	-

There were no directors in the company's defined contribution pension scheme during the year (2010 Nil)

All directors' emoluments are incurred by another group company and a recharge of £45,000 was received in respect of one director

Adams Rite Europe Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

6 Tax on profit on ordinary activities

	2011	2010
	£'000	£'000
Current tax:		
UK Corporation tax on profits of the year	180	175
Adjustment in respect of previous years	(2)	-
Total current tax	178	175
Deferred tax:		
Origination and reversal of timing differences	-	14
Adjustment in respect of previous years	2	19
Total deferred tax	2	33
Tax on profit on ordinary activities	180	208

The tax assessed for the year is the same (2010 lower) as the standard rate of corporation tax in the UK of 26.49%

	2011	2010
	£'000	£'000
Profit on ordinary activities before tax	673	640
Profit on ordinary activities at the standard rate of corporation tax in the UK of 26.49% (2010 28%)	178	179
Effects of		
Expenses not deductible for tax purposes	2	3
Accelerated capital allowances and other timing differences	-	(7)
Adjustments in respect of previous years	(2)	-
Current tax charge for year	178	175

Adams Rite Europe Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

7 Intangible assets

	Purchased goodwill £'000
Cost or valuation	
At 1 January 2011 and 31 December 2011	84
Amortisation	
At 1 January 2011	70
Charge for the year	8
At 31 December 2011	78
Net book value	
At 31 December 2011	6
At 31 December 2010	14

Adams Rite Europe Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

8 Fixed asset investment

	Group undertakings £
Net book value	
At 1 January 2011 and 31 December 2011	1

The directors believe that the carrying value of the investments is supported by their underlying net assets

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	Dormant
Participating interest - Adams Rite Asia Limited	Hong Kong	10	Dormant

9 Stocks

	2011 £'000	2010 £'000
Work in progress	-	111
Finished goods and goods for resale	523	539
	523	650

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 2011 (continued)

10 Debtors

	2011	2010
	£'000	£'000
Trade debtors	908	1,076
Amounts owed by group undertakings	260	596
Deferred taxation (note 12)	-	2
Prepayments and accrued income	716	417
	1,884	2,091

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

11 Creditors: amounts falling due within one year

	2011	2010
	£'000	£'000
Trade creditors	185	191
Amounts owed to group undertakings	850	665
Taxation and social security	304	667
Accruals and deferred income	220	92
	1,559	1,615

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 2011 (continued)

12 Deferred tax asset

	Short term timing differences
	£'000
At 1 January 2011	2
Debited to profit and loss account	(2)
At 31 December 2011	-

13 Called up share capital

	2011	2010
	£'000	£'000
Allotted and fully paid up		
50,000 (2010 50,000) ordinary shares of £1 each	50	50

14 Profit and loss account

	£'000
At 1 January 2011	5,785
Profit for the financial year	493
At 31 December 2011	6,278

15 Reconciliation of movements in total shareholders' funds

	2011	2010
	£'000	£'000
Profit for the financial year	493	432
Opening shareholders' funds	5,835	5,403
Closing shareholders' funds	6,328	5,835

Adams Rite Europe Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

16 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 £37,000 (2010: £40,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

17 Commitments under operating leases

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

	2011	2010
	Land and buildings	Land and buildings
	£'000	£'000
Operating leases which expire		
In two to five years	-	9

18 Ultimate parent company and parent undertaking of larger group

The immediate parent undertaking is Adams Rite Manufacturing Co incorporated in the USA.

The ultimate parent undertaking and controlling party is ASSA ABLOY AB, a company incorporated in Sweden.

ASSA ABLOY AB is the parent undertaking of the largest group of undertakings to consolidate, these financial statements as at 31 December 2011. The consolidated financial statements of ASSA ABLOY AB are available from, Klarabergsviadukten 90, Box 70340, S-10723 Stockholm, Sweden.

The smallest group in which they are consolidated is that headed by Adams Rite Manufacturing Co incorporated in the USA.