

Adams Rite Europe Limited

Annual report and financial statements
for the year ended 31 December 2008

Registered number: 1217948



Adams Rite Europe Limited

Annual report and financial statements for the year ended 31 December 2008

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Adams Rite Europe Limited

Directors and advisors for the year ended 31 December 2008

Directors

C Bailey
R S Kreidel
I A Mackay (resigned 31 March 2008)
J Sasse (appointed 22 February 2008)
D Wigglesworth (appointed 22 February 2008)

Registered office

Adams Rite Europe Limited
School Street
Willenhall
WV13 3PW

Secretary

K S Gallon
Unit 6, Moreton Industrial Estate
London Road
Swanley
Kent
BR8 8TZ

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 2008

The directors present their report together with the audited financial statements for the year ended 31 December 2008.

Results and dividends

The company's profit for the financial year is £363,000 (2007: £474,000). The directors did not propose or pay a dividend during the financial year (2007: £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 period with a small decline in sales revenue over the previous period in line with current market trends. Profitability was at a reduced level in line with the increase in raw material prices and the weakening of exchange rates during the period.

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 maintained at acceptable levels.

In September 2008 Adams Rite Europe Limited, along with all its assets, was relocated to the Assa Abloy Limited premises in the West Midlands. The relocation has no material effect on the value of assets or on-going trading of the business.

Financial risk management

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

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.

Health and Safety

Due to the nature of the business and the manufacturing working environment, the business highlights Health and Safety as risk to trading. The company has significantly invested in Health and Safety and through regular monitoring have noted marked improvements in this area.

Adams Rite Europe Limited

Directors' report for the year ended 31 December 2008 (continued)

Directors

The directors of the company during the year were:

C Bailey	
R S Kreidel	
I A Mackay	(resigned 31 March 2008)
J Sasse	(appointed 22 February 2008)
D Wigglesworth	(appointed 22 February 2008)

Statement of directors' responsibilities in respect of the annual report and financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Adams Rite Europe Limited

Directors' report for the year ended 31 December 2008 (continued)

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 234ZA of the Companies Act, 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



J Sasse
Director
29 October 2009

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 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the directors and advisers page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Independent auditors' report to the members of Adams Rite Europe Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands
29 October 2009

Adams Rite Europe Limited

Profit and loss account for the year ended 31 December 2008

		2008	2007
			Restated
	Note	£'000	£'000
Turnover	2	7,541	7,765
Cost of sales		(4,218)	(4,250)
Gross profit		3,323	3,515
Administrative expenses		(376)	(456)
Distribution costs		(2,485)	(2,504)
Operating profit	3	462	555
Interest receivable and similar income	6	90	130
Profit on ordinary activities before taxation		552	685
Taxation on profit on ordinary activities	7	(189)	(211)
Profit for the financial year	17	363	474

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.

Distribution costs and administrative expenses in 2007 have been reclassified for consistency of categorisation in the current year.

Adams Rite Europe Limited

Balance sheet as at 31 December 2008

		2008	2007
	Note	£'000	£'000
Fixed assets			
Intangible assets	8	30	38
Tangible assets	9	146	147
		176	185
Current assets			
Stock	11	866	916
Debtors	12	3,791	1,713
Cash at bank and in hand		3,078	3,127
		7,735	5,756
Creditors: amounts falling due within one year	13	(2,762)	(1,155)
Net current assets		4,973	4,601
Net assets		5,149	4,786
Capital and reserves			
Called up share capital	15	50	50
Profit and loss reserve	16	5,099	4,736
Total shareholders' funds	17	5,149	4,786

The financial statements on pages 7 to 19 were approved by the board of directors and authorised for issue on 29 October 2009.



J Sasse
Director

Adams Rite Europe Limited

Notes to the financial statements for the year ended 31 December 2008

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 1985 and applicable accounting standards in the United Kingdom. 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 228A of the Companies Act 1985 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. Revenue is recognised at upon despatch to customers.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of the tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis. The expected useful lives of the assets to the business are reassessed periodically in light of experience.

Short leasehold land and buildings	- 10% - 15% per annum straight line
Furniture and fittings and equipment	- 15% - 50% per annum straight line
Plant and machinery	- 15% - 20% per annum straight line
Assets in the course of construction are not depreciated.	

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.

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Notes to the financial statements for the year ended 31 December 2008 (continued)

1 Accounting policies (continued)

Foreign currency

Assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. 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 tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

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.

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.

Related party transactions

The company has taken advantage of the exemption stated in Financial Reporting Standard 8 "Related parties" that allows the non disclosure of transactions or balances with entities that are part of the group, or investments of the group, qualifying as related parties, where 90% of the company's voting rights are controlled within the group.

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Notes to the financial statements for the year ended 31 December 2008 (continued)

2 Turnover

Geographical destination	2008	2007
	£'000	£'000
United Kingdom	7,074	7,286
Rest of Europe	335	395
Rest of the world	132	84
	7,541	7,765

Class of business		
Locking Solutions	5,696	5,723
High Security Doors	1,845	2,042
	7,541	7,765

3 Operating profit

	2008	2007
	£'000	£'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	44	75
Amortisation of positive goodwill	8	8
Hire of plant and machinery – operating leases	-	5
Hire of other assets – operating leases	153	165
Research and development expenditure	153	164
Audit services	13	18
Non-audit services	-	-

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Notes to the financial statements for the year ended 31 December 2008 (continued)

4 Employees

Staff costs (including directors) consist of:

	2008	2007
	£'000	£'000
Wages and salaries	1,478	1,374
Social security costs	161	170
Other pension costs	53	75
	1,692	1,619

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

	2008	2007
	Number	Number
Selling and distribution	40	34
Administration	5	6
	45	40

5 Directors' emoluments

	2008	2007
	£'000	£'000
Directors' emoluments	76	291
Highest paid director		
Emoluments in respect of qualifying services	76	157

There was 1 director in the company's defined contribution pension scheme during the year (2007: 2).

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Notes to the financial statements for the year ended 31 December 2008 (continued)

6 Interest receivable and similar income

	2008	2007
	£'000	£'000
Interest receivable on bank deposits	90	130

7 Taxation on profit on ordinary activities

	2008	2007
	£'000	£'000
Current tax:		
UK Corporation tax on profits of the period	186	220
Adjustment in respect of previous periods	-	4
Total current tax	186	224
Deferred tax:		
Origination and reversal of timing differences	3	(9)
Adjustment in respect of previous periods	-	(4)
Total deferred tax	3	(13)
Taxation on profit on ordinary activities	189	211

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Notes to the financial statements for the year ended 31 December 2008 (continued)

7 Taxation on profit on ordinary activities (continued)

The tax assessed for the period is higher (2007: higher) than the standard rate of corporation tax in the UK of 28%. The differences are explained below:

	2008	2007
	£'000	£'000
Profit on ordinary activities before tax	552	685
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2007: 30%)	155	206
Effects of:		
Expenses not deductible for tax purposes	34	5
Accelerated capital allowances and other timing differences	(3)	9
Adjustments to tax charge in respect of previous period	-	4
Current tax charge for year	186	224

The standard rate of Corporation Tax in the UK changed to 28% with effect from the 1 April 2008.

8 Intangible assets

	Purchased goodwill
	£'000
Cost	
At 31 December 2007 and 31 December 2008	84
Amortisation	
At 31 December 2007	46
Charge for the year	8
At 31 December 2008	54
Net book value	
At 31 December 2008	30
At 31 December 2007	38

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Notes to the financial statements for the year ended 31 December 2008 (continued)

9 Tangible fixed assets

	Short leasehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 31 December 2007	50	193	538	-	781
Additions	-	19	-	75	94
Disposals	(20)	(20)	(538)	-	(578)
At 31 December 2008	30	192	-	75	297
Depreciation					
At 31 December 2007	35	114	485	-	634
Charge for the year	6	26	12	-	44
Disposals	(11)	(19)	(497)	-	(527)
At 31 December 2008	30	121	-	-	151
Net book value					
At 31 December 2008	-	71	-	75	146
At 31 December 2007	15	79	53	-	147

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Notes to the financial statements for the year ended 31 December 2008 (continued)

10 Fixed asset investments

			Group undertakings
			£
Net book value			
At 31 December 2007 and 31 December 2008			1
The principal undertakings in which the company's interest at the year end is 10% 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

	2008	2007
	£'000	£'000
Raw Materials and work in progress	175	91
Finished goods and goods for resale	691	825
	866	916

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

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Notes to the financial statements for the year ended 31 December 2008 (continued)

12 Debtors

	2008	2007
	£'000	£'000
Trade debtors	1,468	1,553
Amounts owed by group undertakings	2,158	2
Deferred taxation (note 14)	10	13
Prepayments and accrued income	155	145
	3,791	1,713

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

	2008	2007
	£'000	£'000
Trade creditors	152	263
Amounts owed to group undertakings	1,204	448
Other taxation and social security	49	208
Accruals and deferred income	1,357	236
	2,762	1,155

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

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Notes to the financial statements for the year ended 31 December 2008 (continued)

14 Deferred tax asset

	Deferred taxation
	£'000
At 1 January 2008	13
Charged to profit and loss account	(3)
At 31 December 2008	10

Deferred taxation principally comprises negative accelerated capital allowances.

15 Share capital

	2008	2007
	£'000	£'000
Authorised		
100,000 ordinary shares of £1 each	100	100
Allotted and fully paid up		
50,000 ordinary shares of £1 each	50	50

16 Reserves

	Profit and loss reserve
	£'000
At 1 January 2008	4,736
Profit for the year	363
At 31 December 2008	5,099

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Notes to the financial statements for the year ended 31 December 2008 (continued)

17 Reconciliation of movements in total shareholders' funds

	2008	2007
	£'000	£'000
Profit for the year	363	474
Opening shareholders' funds	4,786	4,312
Closing shareholders' funds	5,149	4,786

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 £53,000 (2007: £75,000). 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:

	2008	2008	2007	2007
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	38	-	-	2
In two to five years	-	-	191	-
	38	-	191	2

20 Ultimate parent company and parent undertaking of larger group

At 31 December 2008 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 immediate parent undertaking and smallest group in which they are consolidated is that headed by Adams Rite Manufacturing Company incorporated in the USA.