

Adams Rite Europe Limited
Annual report and financial statements
for the year ended 31 December 2009

Registered number 1217948

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Adams Rite Europe Limited

Annual report and financial statements for the year ended 31 December 2009

	Page
Directors and advisors for the year ended 31 December 2009	1
Directors' report for the year ended 31 December 2009	2
Independent auditors' report to the members of Adams Rite Europe Limited	5
Profit and loss account for the year ended 31 December 2009	7
Balance sheet as at 31 December 2009	8
Notes to the financial statements for the year ended 31 December 2009	9

Adams Rite Europe Limited

Directors and advisors for the year ended 31 December 2009

Directors

C Bailey
R S Kreidel
J Sasse
D Wigglesworth

Secretary and registered office

K S Gallon
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 2009

The directors present their report together with the audited financial statements for the year ended 31 December 2009

Results and dividends

The company's profit for the financial year is £254,000 (2008 £363,000) The directors did not propose or pay a dividend during the financial year (2008 £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 pleased to report that the business completed the amalgamation into the Willenhall site during the year The resulting economies of scale has produced a number of cost savings in the year

The directors are satisfied with the overall performance of the company during the period despite a decline in sales revenue over the previous period Given the economic downturn in the construction market in the period, in which the majority of the company's products are used, this was to be expected

The demand for specialised products from the door division during the period remained relatively flat given the economic conditions The investment in new technology during the period will increase productivity and profitability in the future

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

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 2009, 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 2009 (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 a mixture of long term and 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
R S Kreidel
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

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

Adams Rite Europe Limited

Directors' report for the year ended 31 December 2009 (continued)

Statement of directors' responsibilities (continued)

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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

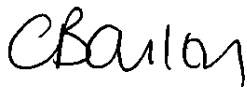
In the case of each of the persons who are directors at the time when this report was approved under Section 418 of the Companies Act 2006, the following applies:

- (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
22 September 2010

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 2009 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 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 2009 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 ACA (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

East Midlands

22 September 2010

Adams Rite Europe Limited

Profit and loss account for the year ended 31 December 2009

		2009	2008
	Note	£'000	£'000
Turnover	2	6,080	7,541
Cost of sales		(4,122)	(4,218)
Gross profit		1,958	3,323
Administrative expenses		(57)	(376)
Selling and distribution expenses		(1,604)	(2,485)
Operating profit	3	297	462
Interest receivable and similar income	6	12	90
Profit on ordinary activities before taxation		309	552
Taxation on profit on ordinary activities	7	(55)	(189)
Profit for the financial year	17	254	363

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 2009

		2009	2008
	Note	£'000	£'000
Fixed assets			
Intangible assets	8	22	30
Tangible assets	9	170	146
		192	176
Current assets			
Stock	11	692	866
Debtors	12	1,834	3,791
Cash at bank and in hand		4,391	3,078
		6,917	7,753
Creditors' amounts falling due within one year	13	(1,706)	(2,762)
Net current assets		5,211	4,973
Net assets		5,403	5,149
Capital and reserves			
Called up share capital	15	50	50
Profit and loss reserve	16	5,353	5,099
Total shareholders' funds	17	5,403	5,149

The financial statements on pages 9 to 19 were approved by the board of directors and authorised for issue on 22 September 2010



C Bailey
Director

Adams Rite Europe Limited

Notes to the financial statements for the year ended 31 December 2009

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 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 2009 (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 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.

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 2009 (continued)

2 Turnover

Geographical destination

	2009	2008
	£'000	£'000
United Kingdom	5,666	7,074
Rest of Europe	378	335
Rest of the World	36	132
	6,080	7,541

Class of business

	2008	2007
	£'000	£'000
Locking Solutions	4,255	5,696
High Security Doors	1,825	1,845
	6,080	7,541

3 Operating profit

	2009	2008
	£'000	£'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	38	44
Amortisation of positive goodwill	8	8
Hire of other assets – operating leases	8	153
Research and development expenditure	89	153
Audit services	13	13

Adams Rite Europe Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

4 Employees

Staff costs (including directors) consist of

	2009	2008
	£'000	£'000
Wages and salaries	1,162	1,478
Social security costs	118	161
Other pension costs	71	53
	1,351	1,692

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

	2009	2008
	Number	Number
Selling and distribution	31	40
Administration	-	5
	31	45

Adams Rite Europe Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

5 Directors' emoluments

	2009	2008
	£'000	£'000
Directors' emoluments	-	76

Highest paid director

Emoluments in respect of qualifying services	-	76
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There were no directors in the company's defined contribution pension scheme during the year (2008: 1)

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

6 Interest receivable and similar income

	2009	2008
	£'000	£'000
Interest receivable on bank deposits	12	90

7 Taxation on profit on ordinary activities

	2009	2008
	£'000	£'000
Current tax:		
UK Corporation tax on profits of the period	87	186
Adjustment in respect of previous periods	(7)	-
Total current tax	80	186
Deferred tax:		
Origination and reversal of timing differences	(12)	3
Adjustment in respect of previous periods	(13)	-
Total deferred tax	(25)	3
Taxation on profit on ordinary activities	55	189

Adams Rite Europe Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

7 Taxation on profit on ordinary activities (continued)

The tax assessed for the period is lower (2008 higher) than the standard rate of corporation tax in the UK of 28%. The differences are explained below

	2009	2008
	£'000	£'000
Profit on ordinary activities before tax	309	552
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 28%)	87	155
Effects of		
(Income)/expenses not deductible for tax purposes	(12)	34
Accelerated capital allowances and other timing differences	(8)	(3)
Short term timing differences	20	-
Adjustments to tax charge in respect of previous period	(7)	-
Current tax charge for year	80	186

8 Intangible assets

	Purchased goodwill
	£'000
Cost or valuation	
At 31 December 2008 and 31 December 2009	84
Amortisation	
At 31 December 2008	54
Charge for the year	8
At 31 December 2009	62
Net book value	
At 31 December 2009	22
At 31 December 2008	30

Adams Rite Europe Limited

Notes to the financial statements for the year ended 31 December 2009 (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 2008	30	192	-	75	297
Additions	-	41	21	-	62
Transfers	-	75	-	(75)	-
At 31 December 2009	30	308	21	-	359
Depreciation					
At 31 December 2008	30	121	-	-	151
Charge for the year	-	34	4	-	38
At 31 December 2009	30	155	4	-	189
Net book value					
At 31 December 2009	-	153	17	-	170
At 31 December 2008	-	71	-	75	146

Adams Rite Europe Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

10 Fixed asset investment

			Group undertakings
			£
Net book value			
At 31 December 2008 and 31 December 2009			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

	2009	2008
	£'000	£'000
Work in progress	119	175
Finished goods and goods for resale	573	691
	692	866

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 2009 (continued)

12 Debtors

	2009	2008
	£'000	£'000
Trade debtors	968	1,468
Amounts owed by group undertakings	653	2,158
Deferred taxation (note 14)	35	10
Prepayments and accrued income	178	155
	1,834	3,791

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

	2009	2008
	£'000	£'000
Trade creditors	254	152
Amounts owed to group undertakings	697	1,204
Other taxation and social security	647	49
Accruals and deferred income	108	1,357
	1,706	2,762

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 2009 (continued)

14 Deferred tax asset

	Deferred taxation
	£'000
At 1 January 2009	10
Credited to profit and loss account	25
At 31 December 2009	35

Deferred taxation principally comprises negative accelerated capital allowances and other short term timing differences. Deferred taxation has been measured at the standard rate of UK corporation tax in force at the balance sheet date of 28%. On 22 June 2010, the UK Government announced a number of changes to the UK corporation tax system, including a reduction of the rate of corporation tax to 27% with effect from 1 April 2011, with further reductions of 1% per annum to 24% by 1 April 2014. Once enacted, these changes will give rise to a immaterial reduction in the value of the deferred tax asset.

15 Share capital

	2009	2008
	£'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 2009	5,099
Profit for the year	254
At 31 December 2009	5,353

Adams Rite Europe Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

17 Reconciliation of movements in total shareholders' funds

	2009	2008
	£'000	£'000
Profit for the year	254	363
Opening shareholders' funds	5,149	4,786
Closing shareholders' funds	5,403	5,149

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 £71,000 (2008: £53,000). 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:

	2009	2008
	Land and buildings £'000	Land and buildings £'000
Operating leases which expire		
Within one year	-	38
In two to five years	9	-
	9	38

20 Ultimate parent company and parent undertaking of larger group

At 31 December 2009 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.