

ASSA ABLOY Limited

Annual report and financial statements
for the year ended 31 December 2007

Registered number: 2096505

WEDNESDAY



AUZZ45X8

A50

24/12/2008

230

COMPANIES HOUSE

ASSA ABLOY Limited

Annual report and financial statements for the year ended 31 December 2007

	Page
Directors' report for the year ended 31 December 2007	1
Independent auditors' report to the members of ASSA ABLOY Limited	6
Profit and loss account for the year ended 31 December 2007	8
Statement of total recognised gains and losses for the year ended 31 December 2007	8
Balance sheet as at 31 December 2007	9
Notes to the financial statements for the year ended 31 December 2007	10

ASSA ABLOY Limited

Directors' report for the year ended 31 December 2007

The directors present their report and the audited financial statements for the year ended 31 December 2007.

Principal activities

The principal activity of the company was the manufacture, distribution and sale of locks and builders' hardware.

Review of business and future developments

The company is the primary UK subsidiary of ASSAABLOY AB, a company quoted on the Swedish Stock Exchange. The ASSAABLOY Group is the world's leading lock group and supplier of locking solutions.

The company operated divisionally in the year through ASSAABLOY Door Solutions, ABLOY Security, Yale, Chubb Locks Custodial Services, Mul-T-Lock and Union. Turnover grew by 10% to £118,249,000, primarily due to increased product penetration within key markets. The strategy of the company is to focus on its core products by targeting key market sectors.

As of 1 December 2007, the company acquired the share capital of Covebay Trading Limited, the parent company of Powershield Doors Limited. Powershield Doors is a leading manufacturer of high security steel doors that is based in Northern Ireland and employs 97 people. Powershield Doors designs, manufactures and installs customised fire resistant, personnel access and high security steel doors. The doors are installed in commercial, industrial and public sector applications. The acquisition reinforces ASSA ABLOY's move to be a leader in door-opening solutions by adding to the company's specification strength through offering a complete product range, including locks, hardware, electromechanics and high security doors.

During 2007, the company has continued to focus on actions to support its future and the turnaround of the company's operating profitability. The restructuring project announced in 2006 has progressed well with costs for the CE Marshall closure being less than expected resulting in the write back of part of the provision of £6,800,000.

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, 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 AB's Annual Report and Accounts 2007, which does not form part of this report.

ASSA ABLOY Limited

Directors' report for the year ended 31 December 2007 (continued)

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.

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.

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 and benefits from the hedging that this offers 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 reassessed annually 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.

ASSA ABLOY Limited

Directors' report for the year ended 31 December 2007 (continued)

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend for the year (2006: £nil). The profit for the year of £2,971,000 (2006: loss of £27,561,000) has been transferred to reserves.

Directors

The directors who held office during the year were as follows:

I Wiesenfeld
P von Sydow
J Sasse
C Bailey (appointed 27 March 08)
D Perry (appointed 27 March 08)
A Talbot-Cooper (appointed 27 March 08)

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 newspaper and newsletters, briefing groups and the distribution of the annual report.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Health and safety

The company's policy is to ensure that, as far as is reasonably practicable, there is a working environment that will minimise the risk to the health and safety of its employees or persons on its premises.

Payments to suppliers

The company's policy is to apply appropriate controls to working capital management, whilst developing relationships with suppliers. In view of the international nature of the group's activities, no universal code or standard on payment policy is followed. The company is expected to establish payment terms consistent with the above policy, local procedures, custom and practice.

The number of days purchases outstanding at 31 December 2007 was 60 (2006: 63).

Charitable donations

During the year, the company contributed £12,903 for charitable purposes (2006: £30,039). The donations were made up of £10,830 to national charities and £2,073 to local charities.

ASSA ABLOY Limited

Directors' report for the year ended 31 December 2007 (continued)

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

The directors are responsible for preparing the annual report and 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 Principles (UK GAAP).

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;
- 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, 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 that 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 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.

Auditors and 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.

ASSA ABLOY Limited

Auditors

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

By order of the board

A handwritten signature in black ink, appearing to read 'C Bailey', written in a cursive style.

C Bailey
Company Secretary
23 December 2008

ASSA ABLOY Limited

Independent auditors' report to the members of ASSA ABLOY Limited

We have audited the financial statements of ASSA ABLOY Limited for the year ended 31 December 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, 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 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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.

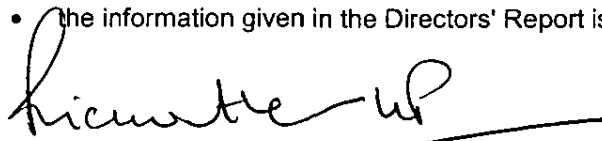
ASSA ABLOY Limited

Independent auditors' report to the members of ASSA ABLOY 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 2007 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands
23 December 2008

ASSA ABLOY Limited

Profit and loss account for the year ended 31 December 2007

		2007	2006
	Notes	£'000	£'000
Turnover	2	118,249	107,071
Cost of sales		(67,160)	(62,245)
Gross profit		51,089	44,826
Net operating expenses (including exceptional items)	3	(42,452)	(67,080)
Operating profit / (loss)	4	8,637	(22,254)
Interest receivable and similar income	7	566	185
Interest payable and similar charges	8	(5,280)	(7,813)
Profit / (loss) on ordinary activities before taxation		3,923	(29,882)
Tax (charge) / credit on profit / (loss) on ordinary activities	9	(952)	2,321
Profit / (loss) for the financial year	19	2,971	(27,561)

All items dealt with in arriving at operating profit / (loss) relate to continuing operations.

There is no difference between the profit / (loss) on ordinary activities before taxation and the profit / (loss) for the year stated above, and their historical cost equivalents.

Statement of total recognised gains and losses for the year ended 31 December 2007

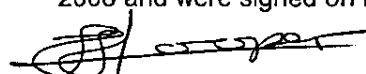
		2007	2006
	Notes	£'000	£'000
Profit/ (loss) for the financial year		2,971	(27,561)
Actuarial (loss) / gain on pension scheme	21	(2,443)	6,329
Movement on deferred tax relating to pension liability	21	(1,125)	(7,253)
Total recognised gains and losses relating to the year		(597)	(28,485)

ASSA ABLOY Limited

Balance sheet as at 31 December 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Intangible assets	10	85,047	91,067
Tangible assets	11	13,671	17,078
Investments	12	76,784	66,779
		175,502	174,924
Current assets			
Stock	13	16,623	19,810
Debtors: amounts falling due within one year	14	25,831	24,090
Debtors: amounts falling due after more than one year	14	3,425	5,019
Cash at bank and in hand		9,653	12,231
		55,532	61,150
Creditors: amounts falling due within one year	15	(41,115)	(36,447)
Net current assets		14,417	24,703
Total assets less current liabilities		189,919	199,627
Creditors: amounts falling due after more than one year	16	(123,110)	(116,076)
Provision for liabilities and charges	17	(4,742)	(19,151)
Net assets excluding pension deficit		62,067	64,400
Pension deficit	21	(11,749)	(13,485)
Net assets including pension deficit		50,318	50,915
Capital and reserves			
Called up share capital	18	1,330	1,330
Share premium account	19	954	954
Other reserve	19	157,000	157,000
Profit and loss reserve	19	(108,966)	(108,369)
Total shareholders' funds	20	50,318	50,915

The financial statements on pages 8 to 30 were approved by the board of directors on 23 December 2008 and were signed on its behalf by:


A Talbot-Cooper
Director

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007

1 Principal accounting policies

A summary of the more important accounting policies is set out below, which have been applied consistently, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year, has been set out below:

Basis of preparation

The financial statements have been prepared on a 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 company is exempt by virtue of section 228 of the Companies Act 1985 from the obligation to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Related party transactions

The company has taken advantage of the exemption stated in FRS 8 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.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard 1 (revised 1996) "Cashflow Statements" to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of ASSA ABLOY AB and its cash flows are included within the consolidated cash flow statement of that company.

Turnover

Turnover is the invoiced value of goods and services supplied. It excludes VAT and similar sales-based taxes.

Research and development expenditure

Expenditure on research and development is written off in the year which it is incurred.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Investments

Fixed asset investments are held at cost less provision for permanent diminution in value.

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

1 Principal accounting policies (continued)

Purchased goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Goodwill is amortised to nil by equal annual instalments over its estimated useful life. The estimated useful life of the group's goodwill is 20 years.

Other Intangible assets

Other intangible asset represents customer lists acquired. The group policy for customer lists is to amortise to nil over a period of five years being its useful estimated life.

Tangible fixed assets

Assets in the course of construction are not depreciated until they are brought into use. No depreciation is provided on freehold land. Buildings and other fixed assets are depreciated to residual values over their estimated useful lives.

Depreciation is provided, other than on freehold land and long leasehold properties at the following annual rates on a straight line basis:

Freehold buildings	2%
Short leasehold property and improvements	7%
Plant, equipment and vehicles	6.66% - 33.33%

Stock

Stocks are valued at the lower of cost and net realisable value. Cost includes attributable overheads where appropriate. Net realisable value is assessed, taking into account historic usage, and based on the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

Deferred taxation

Deferred taxation is provided on an undiscounted basis at the anticipated tax rates 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.

Post retirement benefits

The group operates pension schemes covering the majority of employees. The schemes are funded by contributions partly from the employees and partly from the companies at rates determined by independent actuaries. These contributions are invested separately from the company's and ASSA ABLOY AB group companies' assets and no pension scheme funds are invested in the company or in other ASSA ABLOY AB group companies. Pension costs and other post retirement benefits have been calculated in accordance with FRS 17 so as to spread the cost of the pension over the employees' working lives with the company.

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

1 Principal accounting policies (continued)

Foreign exchange

Monetary assets and liabilities denominated in overseas currencies are translated at the rates ruling at the balance sheet date unless hedged. Exchange differences arising in respect of revenue transaction in the accounting period are included in the profit and loss account.

2 Turnover

Geographical destination	2007	2006
	£'000	£'000
United Kingdom	96,953	87,970
Rest of Europe	14,434	12,797
Rest of the world	6,862	6,304
	118,249	107,071

3 Net operating expenses (including exceptional items)

	2007	2006
	£'000	£'000
Selling and distribution costs	20,343	18,595
Administrative expenses (including exceptional items)	16,234	42,610
Amortisation of purchased goodwill	5,875	5,875
Net operating expenses	42,452	67,080

Exceptional items

Net operating expenses include exceptional restructuring income of £6,800,000 (2006: Expenses of £20,712,000) relating to factory reorganisation costs.

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

4 Operating profit/ (loss)

	2007	2006
	£'000	£'000
Operating profit / (loss) is stated after charging / (crediting):		
Auditors' remuneration:		
- Audit	75	75
Depreciation for the year	3,227	2,599
Amortisation of purchased goodwill	5,875	5,875
Amortisation of other intangible assets	145	145
Research and development - current year expenditure	1,096	1,043
Operating leases rentals:		
- Plant and machinery	343	326
- Other	579	549
(Profit) / Loss on disposal of fixed assets	(1,440)	264
Loss on foreign currency movements	363	495

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

5 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2007	2006
	Number	Number
By activity		
Production	742	810
Selling and distribution	232	247
Administration	77	86
	1,051	1,143

	2007	2006
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	26,482	28,057
Social security costs	1,921	2,035
Pension costs	3,160	3,348
	31,563	33,440

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

6 Remuneration of directors

	2007	2006
	£'000	£'000
All directors		
Emoluments in respect of qualifying services	790	423
Pension contributions to money purchase scheme	85	48
Highest paid director		
Emoluments in respect of qualifying services	466	293

Retirement benefits are accruing to three directors under a money purchase scheme (2006: one) and one director under a defined benefit scheme (2006: one).

7 Interest receivable and similar income

	2007	2006
	£'000	£'000
Bank interest receivable	446	185
Other similar income	120	-
	566	185

8 Interest payable and similar charges

	2007	2006
	£'000	£'000
Interest payable on bank borrowings	63	83
Interest payable to group undertakings	4,934	6,416
Other finance costs	283	1,314
	5,280	7,813

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

9 Taxation

	2007	2006
	£'000	£'000
Current tax:		
Amount receivable from group undertakings in respect of group relief	(601)	(900)
Prior year group relief (credit) / charge	(126)	197
Total current tax	(727)	(703)
Deferred tax:		
Deferred taxation current year charge / (credit)	1,563	(1,618)
Prior year deferred taxation charge	116	-
Total deferred tax (note 17)	1,679	(1,618)
Tax charge / (credit) on loss on ordinary activities	952	(2,321)

The tax charge includes a charge of £1,453,000 (2006: £nil) to exceptional and remeasurements arising as from the reduction in the UK corporation tax rate from 30% to 28% commencing on the 1 April 2008. The differences are explained by:

	2007	2006
	£'000	£'000
Profit / (loss) on ordinary activities before tax	3,923	(29,882)
Tax charge / (credit) on ordinary activities at standard rate of 30% (2006: 30%)	1,177	(8,965)
Expenses not deductible for tax purposes	1,029	3,699
Adjustment to tax charge on prior year adjustment	(126)	197
Accelerated capital allowances	279	277
Increase in losses available to carry forward	-	875
Other timing differences	(3,086)	3,214
Current tax credit for the year	(727)	(703)

The company expects to be able to utilise deferred tax assets to reduce the effective rate of corporation tax in future years.

Factors that may affect future tax charges

The changes enacted in Finance Act 2007 included a reduction in the corporation tax rate from 30% to 28% with effect from 1 April 2008. The deferred tax expected to reverse has been measured using the 28% rate.

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

10 Intangible assets

	Purchased goodwill	Other intangible assets	Total
	£'000	£'000	£'000
Cost			
At 31 December 2007 and 1 January 2007	119,855	1,172	121,027
Amortisation			
At 1 January 2007	29,375	585	29,960
Charge for the year	5,875	145	6,020
At 31 December 2007	35,250	730	35,980
Net book value			
At 31 December 2007	84,605	442	85,047
At 31 December 2006	90,480	587	91,067

Purchased goodwill is being amortised over a period of 20 years, which is considered to be its estimated useful life.

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

11 Tangible assets

	Freehold land and buildings	Long leasehold property	Short leasehold property & improve- ments	Assets in course of con- struction	Plant, equipment and vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2007	13,546	197	303	652	34,054	48,752
Additions	827	-	250	-	1,158	2,235
Transfers	-	-	-	(228)	228	-
Disposals	(2,793)	-	(182)	-	(5,092)	(8,067)
At 31 December 2007	11,580	197	371	424	30,348	42,920
Depreciation						
At 1 January 2007	2,192	-	201	-	29,281	31,674
Charge for the year	1,558	-	31	-	1,638	3,227
Disposals	(710)	-	(169)	-	(4,773)	(5,652)
At 31 December 2007	3,040	-	63	-	26,146	29,249
Net book value						
At 31 December 2007	8,540	197	308	424	4,202	13,671
At 31 December 2006	11,354	197	102	652	4,773	17,078

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

12 Fixed assets investments

	2007	2006
	£'000	£'000
Subsidiary undertakings	76,259	66,779
Subsidiary undertakings		
	£'000	
Cost		
At 1 January 2007	68,767	
Additions in the year	10,005	
At 31 December 2007	78,772	
Provision for impairment		
At 1 January and 31 December 2007	(1,988)	
Net book value		
At 31 December 2007	76,784	
At 31 December 2006	66,779	

The additions in the year relate to the investment in Covebay Trading. The cost of the investment was £10,005,000 with £9,480,000 having been paid in 2007, and the balance due in 2008. The book value of the assets was £10,005,000.

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

12 Fixed assets investments (continued)

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length.

Details of the interests of the company in its principal subsidiary undertakings are as follows:-

Principal subsidiaries	Nature of business	Description of shares held
Security Products UK Limited	Dormant	Ordinary £1 shares
Abloy Security Limited	Dormant	Ordinary £1 shares
Assa Abloy Hospitality Limited	Suppliers of hotel locking systems	Ordinary £1 shares
Medeco Security Locks Limited	Dormant	Ordinary £1 shares
ASSA Limited	Dormant	Ordinary £1 shares
Yale Window and Door Solutions Limited (formerly Grorud Industries Limited)	Dormant	Ordinary 10p shares Deferred £1 shares
Chubb Locks Custodial Services Limited	Dormant	Ordinary £1 shares
Chubb Locks UK Limited	Dormant	Ordinary £1 shares
C.E.Marshall Limited	Dormant	Ordinary £1 shares
Laser Key Limited	Dormant	Ordinary £1 shares
Assa Abloy (Mauritius) Limited	Dormant	Ordinary £1 shares
ASSA ABLOY (UK) Pension Trustees Limited	Dormant	Ordinary £1 shares
Locksafe Investments Limited (Guernsey)	Holding company	Ordinary £1 shares
Assa Abloy Management Services (formerly Grorud International Limited)	Non-trading company	Ordinary £1 shares
Covebay Trading	Holding Company	Ordinary £1 shares

All of the investments are unlisted. The subsidiaries are incorporated in England and Wales unless otherwise stated, are wholly owned and operate principally in Great Britain.

Full information on all subsidiary companies will be annexed to the Company's next annual return to the Registrar of Companies.

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

13 Stock

	2007	2006
	£'000	£'000
Raw materials and consumables	1,315	5,061
Work in progress	4,643	4,934
Finished goods	10,665	9,815
	16,623	19,810

14 Debtors

	2007	2006
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	19,131	17,500
Amounts owed by group undertakings	3,683	5,094
Other debtors	2,282	142
Prepayments and accrued income	735	1,354
	25,831	24,090

Amounts owed by group undertakings comprise intercompany trade debtors.

	2007	2006
	£'000	£'000
Amounts falling due after more than one year:		
Deferred tax asset (see note 17)	3,425	5,019
Total debtors	29,256	29,109

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

15 Creditors: amounts falling due within one year

	2007	2006
	£'000	£'000
Bank overdraft	17,882	10,062
Trade creditors	6,769	8,254
Amounts owed to group undertakings	11,523	13,042
Other taxation and social security	1,957	1,966
Accruals and deferred income	2,984	3,123
	41,115	36,447

Amounts owed by group undertakings comprise inter-company trade creditors.

16 Creditors: amounts falling due after more than one year

	2007	2006
	£'000	£'000
Amounts owed to group undertakings	123,110	116,076

Amounts owed by group undertakings comprises group funding loans with Assa Abloy AB, at an interest rate of 7% and with no set repayment date.

17 Provision for liabilities and charges

	Re- structuring provision	Other provision	Total provisions
	£'000	£'000	£'000
At 1 January 2007	19,030	121	19,151
(Credited)/ charged to the profit and loss account	(6,810)	-	(6,810)
Utilised during the year	(7,595)	(4)	(7,599)
At 31 December 2007	4,625	117	4,742

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

17 Provision for liabilities and charges (continued)

Re-structuring provision

During the prior year, reorganisations of the United Kingdom operations were announced. As a result of this rationalisation, a provision is necessary to cover the employment termination costs and factory reorganisation. The provision was substantially utilised or amounts contracted for by 31 December 2007.

Other provision

This comprises provisions for customer rebates, specific credit notes and warranty costs.

Deferred taxation provided in the financial statements and the amount (unrecognised)/un-provided is as follows:

	Amount recognised		Amount (unrecognised)/ un-provided	
	2007	2006	2007	2006
Tax effect of timing differences because of:	£'000	£'000	£'000	£'000
Excess of capital allowances over depreciation	(1,156)	(508)	-	-
Other timing differences	(2,269)	(4,511)	(12,355)	(12,760)
	(3,425)	(5,019)	(12,355)	(12,760)

The full asset has not been recognised as the directors are as yet uncertain that the full amount is allowable and can be utilised against future trading.

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

18 Called up share capital

	2007	2006
	£'000	£'000
Authorised		
'A' Ordinary shares of £1 each	1,450	1,450
'B' Ordinary shares of £1 each	50	50
	1,500	1,500
Allotted, called up and fully paid		
'A' Ordinary shares of £1 each	1,280	1,280
'B' Ordinary shares of £1 each	50	50
	1,330	1,330

19 Reserves

	Profit and loss reserve	Share premium	Other reserve
	£'000	£'000	£'000
At 1 January 2007	(108,369)	954	157,000
Profit for the financial year	2,971	-	-
Actuarial gain on pension scheme	(2,443)	-	-
Movement on deferred tax relating to pension liability	(1,125)	-	-
At 31 December 2007	108,966	954	157,000

Other reserve

This reserve represents capital contributions of £67,000,000 and £90,000,000 that were made by the parent company, ASSA ABLOY AB, during 2001 and 2006 respectively.

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

20 Reconciliation of movements in total shareholders' funds/ (deficit)

	2007	2006
	£'000	£'000
Profit/ (loss) for the financial year	2,971	(27,561)
Other recognised gains and losses	(3,568)	(924)
Capital contribution	-	90,000
Net addition to shareholders' funds	(597)	61,515
Opening shareholders' funds/(deficit)	50,915	(10,600)
Closing shareholders' funds	50,318	50,915

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

21 Pension obligations

The group operates three defined benefit pension schemes, the assets of which are held in separate trust funds. The main scheme is the ASSA ABLOY (UK) Pension Plan and the company also operates two smaller schemes, the ASSA Limited Pension and Life Assurance Scheme and the Grorud Holdings (UK) Limited and Subsidiary Companies Retirement and Death Benefits Scheme.

The total company pension contributions during the year were £6,194,000 (2006: £20,720,000). There were outstanding contributions at 31 December 2007 of £169,315 (2006: £201,000).

In June 2007, the Company paid a deficit contribution in respect of the Assa Abloy (UK) Pension Plan of £5,800,000. The Plan was closed to future accrual on 31 May 2006.

Contributions to the ASSA Limited Pension and Life Assurance Scheme have been paid at the rate of 14.5% of Pensionable Salaries plus a one-off payment of £215,000 in December 2006.

The last actuarial valuations of the schemes were carried out by independent qualified actuaries as at 6 April 2007 for the ASSA ABLOY (UK) Pension Plan and 31 December 2004 for the ASSA Limited Pension and Life Assurance Scheme. These have been updated to 31 December 2007.

The major assumptions used (which are the weighted average for these schemes) were:

	2007	2006	2005
Discount rate	5.70%	5.20%	4.75%
Inflation assumption	3.45%	3.10%	3.00%
Rate of increase of salaries	3.70%	3.35%	3.00%
Rate of increase in pensions in payment*	3.45%	3.10%	3.00%

* for pensions which increase in payment in line with LPI (RPI up to 5% p.a.). Some pensions increase at rates set down in the Rules of the schemes and these have been assumed to increase as per the Rules.

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

21 Pension obligations (continued)

The assets in the Schemes (excluding members' AVC funds) and the expected rate of return at 31 December 2007 were:

	Expected long term rate of return on net assets			Value (£'000)		
	2007	2006	2005	2007	2006	2005
Equities	6.8%	7.0%	6.5%	58,593	55,074	57,231
Bonds	4.9%	4.9%	4.5%	47,397	44,885	21,766
Cash	3.5%	3.1%	2.9%	3,418	788	1,565
Total market value of assets				109,408	100,747	80,562

The following amounts at 31 December 2007 were measured in accordance with the requirements of FRS17:

	2007	2006	2005
	£'000	£'000	£'000
Total market value of assets	109,408	100,747	80,562
Present values of scheme liabilities	(125,726)	(120,011)	(124,001)
Deficit in the scheme	(16,318)	(19,264)	(43,439)
Related deferred tax asset	4,569	5,779	13,032
Net pension deficit	(11,749)	(13,485)	(30,407)

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

21 Pension obligations (continued)

The following amounts have been recognised in the performance statements in the year to 31 December 2007 under the requirements of FRS 17:

	2007	2006
Profit and loss account	£'000	£'000
Analysis of the amount charged to the operating profit		
Current service costs	522	1,601
Curtailments loss	-	476
Total operating charge	522	2,077
Analysis of the amount charged to other finance costs		
Expected return on scheme assets	(5,760)	(4,871)
Interest on scheme liabilities	6,043	5,668
Net costs	283	797
	2007	2006
Statement of total recognised gains and losses (STRGL)	£'000	£'000
Actual return less expected return on pension scheme assets	1,200	571
Experience gains and losses on scheme liabilities	(54)	(2,323)
Changes in assumptions underlying the present value of the scheme	(3,589)	8,081
	(2,443)	6,329

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

21 Pension obligations (continued)

Movements in the deficit for the year ended 31 December 2007:

	2007	2006
	£'000	£'000
Deficit in scheme at beginning of the year	(19,264)	(43,439)
Movement in year:		
Current service cost	(522)	(1,601)
Curtailments loss	-	(476)
Contributions	6,194	20,720
Other finance costs	(283)	(797)
Actuarial (loss)/gain	(2,443)	6,329
Deficit in scheme at end of the year	(16,318)	(19,264)

Details of experience gains and losses for the year ended 31 December 2007:

	2007	2006	2005	2004
Difference between the expected and actual return on scheme assets				
Amount (£'000)	(1,200)	571	8,334	2,704
Percentage of scheme assets (%)	1%	1%	10%	4%
Experience gains and losses on scheme liabilities				
Amount (£'000)	(54)	(2,323)	(549)	2,080
Percentage of the present value of the scheme liabilities (%)	-	(2%)	-	2%
Total amount recognised in statement of total recognised gains and losses				
Amount (£'000)	(2,443)	6,329	(8,565)	(3,645)
Percentage of the present value of the scheme liabilities (%)	(2%)	5%	(7%)	(4%)

ASSA ABLOY Limited

Notes to the financial statements for the year ended 31 December 2007 (continued)

22 Financial commitments

At 31 December 2007, the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Expiring within one year	-	34	39	103
Expiring in more than one year, but not more than 5 years	530	508	210	223
Expiring after 5 years	-	-	-	-
	530	542	249	326

23 Ultimate parent company

The only group in which the accounts of the company are consolidated is that headed by ASSA ABLOY AB, the company's ultimate parent undertaking and controlling party, incorporated in Sweden. The consolidated accounts are available to the public and may be obtained from ASSA ABLOY AB, Klarabergsviadukten 90, Box 70340, S-10723 Stockholm, Sweden.