

Alfia Limited

Directors' Report and Financial Statements for the year ended 31 December 2006

Company number 2276171



Alfia Limited

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Alfia Limited

Directors and advisors

Directors

C J S Cook
B Q Ginnever

Auditors

Ernst & Young LLP
One Bridewell Street
Bristol
BS1 2AA

Secretary

A Henderson

Registered office

Stanley House
Bramble Road
Swindon
Wiltshire
SN2 8ER

Alfia Limited

Directors' report

for the year ended 31 December 2006

The directors present their report and the audited financial statements of the company for the year ended 31 December 2006

Principal activity and review of the business

The principal activity of the company continues to be the service, maintenance and supply of car parking equipment and industrial traffic control equipment

Results and dividends

The profit for the year after taxation was £245,000 (2005 £137,000)

The directors do not recommend payment of a dividend and consider the financial position of the company at the year end to be satisfactory

Financial risk management

The company's principal financial instruments comprise cash, bank borrowings and loans between fellow group undertakings, the main purpose of which is to provide finance for its normal operations. The main risks arising from the company's financial instruments are interest rate risk and liquidity risk

Interest rate and liquidity risk

The company's exposure to interest rate risk is low and the company does not contract into any financial instruments to manage the effect of movements in interest rates. The company's policy is to maintain sufficient cash and borrowing facilities as required to support the operating activities of the business

Directors

The directors who served during the year were

C J S Cook

B Q Ginnever

D Cooke resigned 19 October 2007

None of the directors had any interest in the share capital of the company during the year. In accordance with statutory instrument number 802 of 1985, directors' interests in the shares of the ultimate holding company, which is incorporated outside Great Britain, are not disclosed

Research and development

Continuing research and development is undertaken throughout the company in order to maintain and enhance the company's market share and competitive advantage for the products it manufactures and supplies

Alfia Limited
Directors' report (continued)
for the year ended 31 December 2006

Employees

The company continued to keep employees informed on matters affecting them as employees by way of a monthly newsletter from the Chief Operating Officer of the company's parent company, Stanley Security Solutions - Europe Limited. Staff notices, emails and staff meetings are also used to communicate immediate issues to employees.

The company provides employees with access to training carried out both within the organisation and on external accredited courses (such as National Vocational Qualifications), that are relevant to an employee's role and development.

The company is committed to fair employment for all and has a formal equal opportunities policy and seeks to ensure that this is implemented fully. It is the policy of the company that people with disabilities are given the same consideration as others with respect to recruitment and personal development.

The company actively encourages the promotion of safe working conditions and procedures and the development of practices which secure and enhance the health, safety and welfare of employees at work.

Laying of report and accounts

The company has passed elective resolutions in accordance with section 252 of the Companies Act 1985 dispensing with the requirement to lay the report and accounts before the company in a general meeting.

Under provisions of section 253(2) of the Companies Act 1985 (as amended), a member has the right to require the reports and accounts to be laid before the company in a general meeting. The members must deposit written notice of intention to exercise such right at the registered office of the company within 28 days of the date of this report.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

The company has passed an elective resolution in accordance with section 386 of the Companies Act 1985 dispensing with the requirement to appoint auditors annually and therefore Ernst & Young LLP will continue in office.

This report was approved by the board on 7th February 2008.

A handwritten signature in black ink, appearing to read 'A Henderson', with a long horizontal line extending to the right.

A Henderson
Secretary

Alfia Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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). 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 and of the profit or loss of the group 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,
- 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of Alfia Limited

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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).

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.

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 2006 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.


Ernst & Young LLP
Registered Auditors
Bristol 11/2/08

Alfia Limited
Profit and loss account
for the year ended 31 December 2006

	Notes	2006 £000	2005 £000
Turnover	2	4,247	4,762
Cost of sales		<u>(3,242)</u>	<u>(3,708)</u>
Gross profit		1,005	1,054
Distribution costs		(118)	(154)
Administrative expenses		<u>(579)</u>	<u>(658)</u>
Operating profit		308	242
Interest payable and similar charges	3	<u>(11)</u>	<u>(60)</u>
Profit on ordinary activities before taxation	3	297	182
Tax on profit on ordinary activities	4	<u>(52)</u>	<u>(45)</u>
Profit for the financial year	10	<u>245</u>	<u>137</u>

All of the company's results for the year were from continuing activities

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents

There are no recognised gains and losses other than the profit for the year as noted above

Alfia Limited
Balance sheet
as at 31 December 2006

	Notes	2006 £000	2005 £000
Fixed assets			
Tangible assets	5	<u>35</u>	<u>58</u>
Current assets			
Stocks	6	425	380
Debtors	7	<u>1,793</u>	<u>2,852</u>
		2,218	3,232
Creditors - amounts falling due within one year	8	<u>(1,695)</u>	<u>(2,977)</u>
Net current assets		<u>523</u>	<u>255</u>
Net assets		<u>558</u>	<u>313</u>
Capital and reserves			
Called up share capital	9	100	100
Share premium account	10	25	25
Profit and loss account	10	<u>433</u>	<u>188</u>
Equity shareholders' funds	10	<u>558</u>	<u>313</u>

The financial statements on pages 6 to 14 were approved by the board on 7th February 2008

B Q Ginnever
 Director

Alfia Limited

Notes to the financial statements

1 Accounting policies

Accounting convention

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention. A summary of the more important accounting policies is set out below.

Cash flow statement and related party disclosures

During the year the company was a wholly owned subsidiary of The Stanley Works. The company is included in the consolidated financial statements of The Stanley Works which are publicly available (see note 15). Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that during the year were part of the Stanley Group or investees of the Stanley Group.

Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, except in respect of long-term contracts where turnover represents the sales value of work done in the year, including estimates in respect of amounts not invoiced. Turnover in respect of long term contracts is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for the contract.

Research and development

Research expenditure is written off in the period in which it is incurred. Expenditure made in connection with the development of new products is generally expensed as incurred.

An exception is made when significant and specifically identified software development costs are incurred from which it is expected that future profitable revenue streams will arise. In these instances, such expenditure is capitalised and amortised over a period no longer than five years commencing in the period in which sales of the product are first made.

Pensions

The employees of the company are eligible to join one of three money purchase pension schemes. The company's contributions to these schemes are charged against profits in the period in which they are payable.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated so as to write down the cost of tangible fixed assets to their residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Plant, machinery, fixtures and fittings	25%
Leasehold buildings and improvements	over the remaining period of the lease

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Alfia Limited

Notes to the financial statements

1 Accounting policies (continued)

Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the period end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as the proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the period in which they are first foreseen.

Stocks

Stocks, including work-in-progress, are stated at the lower of cost and net realisable value.

Operating leases

Gross rentals on assets used under operating leases are charged to the profit and loss account in the period to which they relate on a straight line basis.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax. Deferred tax is measured at the rates that are expected to apply in the periods in which the timing differences are expected to reverse. Provision is not made for taxation which may be payable if profits retained by overseas subsidiaries were distributed as dividends. Deferred tax balances are not discounted.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currency transactions

The company enters into forward contracts for the sale of foreign currencies in order to manage its exposure to fluctuations in currency rates.

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction or forward rate if applicable. Balances denominated in a foreign currency are translated into sterling either at the exchange rate ruling at the balance sheet date or the forward contracted rate if appropriate.

All exchange differences are taken to the profit and loss account as they arise.

Alfia Limited

Notes to the financial statements

2 Turnover

The company's activities consist of one class of business which originates from the United Kingdom

Turnover, analysed by geographical area of destination was as follows

	2006 £000	2005 £000
United Kingdom	4,006	3,698
South Africa	241	1,064
	<u>4,247</u>	<u>4,762</u>

3 Profit on ordinary activities before taxation

is stated after charging/(crediting)

	2006 £000	2005 £000
Depreciation of tangible fixed assets	37	44
Operating lease rentals	105	90
Auditors' remuneration - audit	69	59
Interest payable to parent company	12	10
Other interest payable	9	54
Exchange loss / (gain) arising from foreign currency transactions	2	6
	<u>93</u>	<u>(65)</u>

4 Tax on profit on ordinary activities

(a) Tax charge for the period

United Kingdom corporation tax

Current tax at 30% (2005 30%)

Adjustments in respect of prior periods

	2006 £000	2005 £000
	99	59
	<u>(52)</u>	<u>(16)</u>
	<u>47</u>	<u>43</u>
Deferred tax		
Origination and reversal of timing differences	5	2
	<u>5</u>	<u>2</u>
Tax on profit on ordinary activities	<u>52</u>	<u>45</u>

(b) Tax reconciliation

United Kingdom corporation tax rate

Permanent differences (expenditure not deductible for corporation tax)

Origination and reversal of timing differences

Adjustments in respect of prior periods

	2006	2005
	30 %	30 %
	2 %	4 %
	2 %	(1)%
	<u>(18)%</u>	<u>(9)%</u>
Effective current rate of taxation on operating activities	<u>16 %</u>	<u>24 %</u>

Alfia Limited
Notes to the financial statements

5 Tangible fixed assets	Short leasehold land & buildings £000	Plant and machinery £000	Total £000
Cost			
At 1 January 2006	50	346	396
Additions	-	14	14
At 31 December 2006	50	360	410
Depreciation			
At 1 January 2006	38	300	338
Charge for the year	6	31	37
At 31 December 2006	44	331	375
Net book value			
At 31 December 2006	6	29	35
At 31 December 2005	12	46	58

No assets are held under finance leases and there were no capital commitments contracted for but not provided for at 31 December 2006 (2005 £nil)

6 Stocks	2006 £000	2005 £000
Raw materials and consumables	404	358
Work in progress	21	22
	425	380
7 Debtors	2006 £000	2005 £000
Trade debtors	892	903
Amounts owed by group undertakings	811	1,787
Prepayments and accrued income	77	144
Deferred tax asset	13	18
	1,793	2,852
Deferred tax asset		£000
At 1 January 2006		18
Charged to profit and loss account		(5)
At 31 December 2006		13

The deferred tax asset relates entirely to accelerated capital allowances and is recoverable after more than one year

Alfia Limited

Notes to the financial statements

8 Creditors - amounts falling due within one year	2006 £000	2005 £000
Bank overdraft	539	-
Trade creditors	426	385
Amounts owed to group undertakings	79	1,941
Corporation tax	111	52
Other taxes and social security	132	92
Accruals and deferred income	408	507
	<u>1,695</u>	<u>2,977</u>

9 Share capital	2006 Number	2005 Number	2006 £000	2005 £000
Authorised				
Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>	<u>150</u>	<u>150</u>
Allotted, called up and fully paid				
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100</u>	<u>100</u>

10 Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2006	100	25	188	313
Profit for the financial year	<u>-</u>	<u>-</u>	<u>245</u>	<u>245</u>
At 31 December 2006	<u>100</u>	<u>25</u>	<u>433</u>	<u>558</u>

11 Financial commitments

a) Operating leases

At 31 December 2006, the company had annual operating lease commitments as set out below

	2006		2005	
	Land & buildings £000	Other £000	Land & buildings £000	Other £000
Operating leases which expire				
Within one year	69	28	-	14
In two to five years	<u>-</u>	<u>74</u>	<u>61</u>	<u>86</u>
	<u>69</u>	<u>102</u>	<u>61</u>	<u>100</u>

The company's leases of land and buildings are subject to rent reviews at periods of between two and five years

Alfia Limited

Notes to the financial statements

11 Financial commitments (continued)

b) Pension commitments

Employees may be eligible to join one of three defined contribution pension schemes

The company operates the Alfia Services Limited Retirement and Death Benefit Scheme, and the Alfia Services Executive Pension Plan which employees may be eligible to join. Employees may alternatively be eligible to join the Blick Group Money Purchase Pension Plan. All schemes provide benefits which arise from accumulated contributions from both eligible employees who have accepted invitations to join, and from the company, based upon a percentage of salary. The benefits are not directly related to either length of service or final salary, and other than fixed annual contributions, no funding is required. The schemes also provide life cover.

The cost of contributions to the schemes were as follows

	2006 £000	2005 £000
Alfia Services Executive Pension Plan	7	7
The Alfia Services Ltd Retirement and Death Benefit Scheme	57	59
The Blick Group Money Purchase Pension Plan	-	1
	<u>64</u>	<u>67</u>

12 Directors

Directors emoluments

	2006 £000	2005 £000
Emoluments	132	99
Company contributions paid to money purchase pension schemes	<u>7</u>	<u>7</u>
	<u>139</u>	<u>106</u>

Certain directors are remunerated by other companies under the control of The Stanley Works (see note 15). These directors did not receive any emoluments in respect of their directorship of the company.

At 31 December 2006, 1 director had retirement benefits accruing under a money purchase scheme (2005: 1).

Alfia Limited

Notes to the financial statements

13 Staff costs

a) Number of employees

The number of employees employed at 31 December 2006 was 47 (2005 50)

The average number of persons (including directors) employed by the company during the period was

	2006 Number	2005 Number
Production, sales and service	45	42
Management and customer administration	4	11
	<u>49</u>	<u>53</u>

b) Employee costs

	2006 £000	2005 £000
Wages and salaries	1,306	1,294
Social security costs	137	139
Other pension costs	64	67
	<u>1,507</u>	<u>1,500</u>

14 Related party transactions

During the year, the company entered into the following transactions with Citysync Limited, a company in which C J S Cook is a director and holds a 20% interest in the share capital

During the year, the company purchased goods from Citysync valued at £6,000 (2005 £19,000)

At 31 December 2006, the amount due to Citysync Limited from the company was £nil (2005 £16,000)

15 Ultimate parent company and controlling party

The ultimate parent company and controlling party is The Stanley Works, which is also the smallest and largest group of which the company is a member and for which group financial statements are prepared. The Stanley Works is a company registered in United States of America and accounts are available upon request from The Stanley Works Investor Relations Department, 1000 Stanley Drive, New Britain, Connecticut, United States of America