

ASSA ABLOY HOSPITALITY LIMITED

Registered number: 02590364

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



ASSA ABLOY HOSPITALITY LIMITED

COMPANY INFORMATION

DIRECTORS	H Witt C Henon
COMPANY SECRETARY	A G Loges
REGISTERED NUMBER	02590364
REGISTERED OFFICE	Pacific House Imperial Way Reading Berkshire RG2 0TD
INDEPENDENT AUDITORS	Haines Watts Chartered Accountants & Statutory Auditors Advantage 87 Castle Street Reading Berkshire RG1 7SN

ASSA ABLOY HOSPITALITY LIMITED

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ASSA ABLOY HOSPITALITY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The principal activity of the Company during the year was that of the sale of electronic locking systems.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £615,666 (2015 - £1,477,750).

The directors have not recommended the payment of a dividend.

DIRECTORS

The directors who served during the year were:

H Witt
C Henon
I Dunhill (resigned 14 March 2017)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ASSA ABLOY HOSPITALITY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

FUTURE DEVELOPMENTS

There are no particular matters that the directors feel will significantly alter the ongoing development of the business in the short and medium term. The Company aims to continue its policy of providing both exceptional level of service and excellent product quality, in order to maintain existing customer relationships and to allow it to exploit new opportunities that arise.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

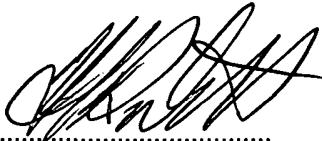
POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

AUDITORS

The auditors, Haines Watts, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....
H Witt
Director

Date: **07/04/2017**

ASSA ABLOY HOSPITALITY LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

BUSINESS REVIEW

The company saw a small reduction in turnover in the year although through favourable pricing, has improved gross margin by £0.4m.

The company has invested in people in the year which has helped to restrict net profit, but which should facilitate growth in the years to come.

Despite the generation of net profit before tax of £0.8m, net assets reduced from £2.4m to £1.1m due to the group's dividend policy.


PRINCIPAL RISKS AND UNCERTAINTIES

The company does not rely on the use of complex financial instruments, having established an acceptable level of reserves through a policy of adhering to strong financial disciplines. As such, the directors do not consider there to be any significant exposure to financial risks, other than in the context of credit risk, and in this regard, the company carries out appropriate credit checks on potential customers before sales are made, and continually monitors and investigates aged debts.

FINANCIAL KEY PERFORMANCE INDICATORS

The company considers turnover and gross profit margin to be the key indicators of its performance.

This report was approved by the board and signed on its behalf.



.....
H Witt
Director

Date: 0710412017

ASSA ABLOY HOSPITALITY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ASSA ABLOY HOSPITALITY LIMITED

We have audited the financial statements of Assa Abloy Hospitality Limited for the year ended 31 December 2016, set out on pages 6 to 20. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 and of its profit or loss 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, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

ASSA ABLOY HOSPITALITY LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ASSA ABLOY HOSPITALITY
LIMITED (CONTINUED)**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

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.



Adrian Williams ACA FCCA (Senior statutory auditor)

for and on behalf of
Haines Watts

Chartered Accountants
Statutory Auditors

Advantage
87 Castle Street
Reading
Berkshire
RG1 7SN

Date:

11 / 4 / 17

ASSA ABLOY HOSPITALITY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	4	11,014,532	11,619,996
Cost of sales		<u>(7,084,919)</u>	<u>(8,069,626)</u>
GROSS PROFIT		3,929,613	3,550,370
Administrative expenses		<u>(3,150,178)</u>	<u>(2,579,997)</u>
OPERATING PROFIT	5	779,435	970,373
Amounts written off group loans		-	701,342
Interest payable and expenses	8	<u>(3,017)</u>	<u>(4,087)</u>
PROFIT BEFORE TAX		776,418	1,667,628
Tax on profit	9	<u>(160,752)</u>	<u>(189,878)</u>
PROFIT FOR THE YEAR		<u>615,666</u>	<u>1,477,750</u>

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2016 (2015:£NIL).

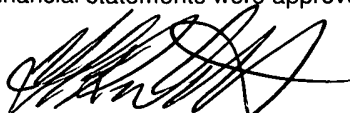
The notes on pages 9 to 20 form part of these financial statements.

ASSA ABLOY HOSPITALITY LIMITED
REGISTERED NUMBER: 02590364

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	11	386,513	402,442
		<u>386,513</u>	<u>402,442</u>
CURRENT ASSETS			
Stocks	12	1,109,974	1,404,043
Debtors: amounts falling due within one year	13	2,388,558	3,107,856
Cash at bank and in hand	14	89,633	206,225
		<u>3,588,165</u>	<u>4,718,124</u>
Creditors: amounts falling due within one year	15	(2,907,729)	(2,731,110)
NET CURRENT ASSETS		680,436	1,987,014
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,066,949</u>	<u>2,389,456</u>
NET ASSETS		<u>1,066,949</u>	<u>2,389,456</u>
CAPITAL AND RESERVES			
Called up share capital	19	265,000	265,000
Profit and loss account	18	801,949	2,124,456
		<u>1,066,949</u>	<u>2,389,456</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....

H Witt
Director

Date: **07/04/2017**

The notes on pages 9 to 20 form part of these financial statements.

ASSA ABLOY HOSPITALITY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	265,000	2,124,456	2,389,456
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	615,666	615,666
Dividends: Equity capital	-	(1,938,173)	(1,938,173)
AT 31 DECEMBER 2016	<u>265,000</u>	<u>801,949</u>	<u>1,066,949</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	265,000	646,706	911,706
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	1,477,750	1,477,750
AT 31 DECEMBER 2015	<u>265,000</u>	<u>2,124,456</u>	<u>2,389,456</u>

The notes on pages 9 to 20 form part of these financial statements.

ASSA ABLOY HOSPITALITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

Assa Abloy Hospitality Limited is a company limited by share capital, incorporated in the UK. Its primary trading activities derive from its address in Reading, Berkshire. The Company's primary activities are the sale and maintenance of electronic locking systems.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates, and for management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

ASSA ABLOY HOSPITALITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.3 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	- over the period of the lease
Fixtures & fittings	- 5 to 10 years
Office equipment	- 3 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.4 OPERATING LEASES

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period.

2.5 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

2.6 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

ASSA ABLOY HOSPITALITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.7 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

2.9 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is pounds sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

ASSA ABLOY HOSPITALITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.11 FINANCE COSTS

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.13 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

ASSA ABLOY HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

Preparation of the financial statements requires management to make judgments and estimates, although none are considered to be significant. The areas where these have been made include the provision for doubtful debts and obsolete stock, and the useful economic life of tangible fixed assets.

4. TURNOVER

The whole turnover arose within the UK and Ireland, and is attributable to the principal activity.

5. OPERATING PROFIT

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	57,021	11,244
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	12,500	11,800
Exchange differences	(16,503)	5,845
Other operating lease rentals	305,591	168,384
Defined contribution pension cost	109,459	77,912
	<u>547,068</u>	<u>374,185</u>

6. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	3,603,969	3,214,546
Social security costs	310,341	302,883
Cost of defined contribution scheme	109,459	77,912
	<u>4,023,769</u>	<u>3,595,341</u>

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

	2016 No.	2015 No.
Sales	32	26
Engineering	17	17
Administrative	2	2
	<u>51</u>	<u>45</u>

ASSA ABLOY HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. DIRECTORS' REMUNERATION

	2016 £	2015 £
Directors' emoluments	228,992	179,205
Company contributions to defined contribution pension schemes	20,232	18,505
	<u>249,224</u>	<u>197,710</u>

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £228,992 (2015 - £179,205).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,232 (2015 - £18,505).

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Bank interest payable	1,978	4,087
Other interest payable	1,039	-
	<u>3,017</u>	<u>4,087</u>

9. TAXATION

	2016 £	2015 £
CORPORATION TAX		
Current tax on profits for the year	153,584	207,830
Adjustments in respect of previous periods	-	(13,305)
TOTAL CURRENT TAX	<u>153,584</u>	<u>194,525</u>
DEFERRED TAX		
Origination and reversal of timing differences	7,168	(4,647)
TOTAL DEFERRED TAX	<u>7,168</u>	<u>(4,647)</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>160,752</u>	<u>189,878</u>

ASSA ABLOY HOSPITALITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

9. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>776,418</u>	<u>1,667,628</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	155,284	337,695
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,193	5,230
Adjustments to tax charge in respect of prior periods	-	(13,305)
Non-taxable income	-	(141,998)
Other differences leading to an increase (decrease) in the tax charge	<u>2,275</u>	<u>2,256</u>
TOTAL TAX CHARGE FOR THE YEAR	<u>160,752</u>	<u>189,878</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

10. DIVIDENDS

	2016 £	2015 £
Dividends paid on equity capital	<u>1,938,173</u>	-
	<u>1,938,173</u>	-

ASSA ABLOY HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures & fittings £	Office equipment £	Total £
COST				
At 1 January 2016	302,927	98,514	1,186	402,627
Additions	31,072	1,183	8,837	41,092
At 31 December 2016	333,999	99,697	10,023	443,719
DEPRECIATION				
At 1 January 2016	-	-	185	185
Charge for the period on owned assets	34,557	19,891	2,573	57,021
At 31 December 2016	34,557	19,891	2,758	57,206
NET BOOK VALUE				
At 31 December 2016	299,442	79,806	7,265	386,513
At 31 December 2015	302,927	98,514	1,001	402,442

12. STOCKS

	2016 £	2015 £
Finished goods and goods for resale	1,109,974	1,404,043
	1,109,974	1,404,043

Stock recognised in cost of sales during the year as an expense was £5,427,425 (2015 - £6,137,560).

An impairment loss of £110,172 (2015 - £100,500) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

ASSA ABLOY HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. DEBTORS

	2016 £	2015 £
Trade debtors	2,039,156	2,800,366
Amounts owed by group undertakings	59,594	63,670
Prepayments and accrued income	276,921	223,765
Deferred taxation	12,887	20,055
	<u>2,388,558</u>	<u>3,107,856</u>

The deferred tax asset is recoverable over a period in excess of one year.

14. CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank and in hand	89,633	206,225
Less: bank overdrafts	(571,809)	(85,269)
	<u>(482,176)</u>	<u>120,956</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Bank overdrafts	571,809	85,269
Trade creditors	56,025	266,240
Amounts owed to group undertakings	220,000	53,556
Corporation tax	91,320	171,079
Other taxation and social security	506,789	359,340
Other creditors	141,667	187,438
Accruals and deferred income	1,320,119	1,608,188
	<u>2,907,729</u>	<u>2,731,110</u>

ASSA ABLOY HOSPITALITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

16. FINANCIAL INSTRUMENTS

	2016 £	2015 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	89,633	206,225
Financial assets that are debt instruments measured at amortised cost	2,098,750	2,864,035
	<u>2,188,383</u>	<u>3,070,260</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(1,822,930)	(1,653,058)
	<u>(1,822,930)</u>	<u>(1,653,058)</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings and certain other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and certain other creditors and accruals.

17. DEFERRED TAXATION

	2016 £	2015 £
At beginning of year	20,055	15,408
Charged to the profit or loss	(7,168)	4,647
AT END OF YEAR	<u>12,887</u>	<u>20,055</u>

The deferred tax asset is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	110	(51)
Other short term timing differences	12,777	20,106
	<u>12,887</u>	<u>20,055</u>

ASSA ABLOY HOSPITALITY LIMITED

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18. RESERVES

Profit & loss account

The Profit and loss account represents the cumulative profits and losses net of dividends and other adjustments.

19. SHARE CAPITAL

	2016 £	2015 £
SHARES CLASSIFIED AS EQUITY		
ALLOTTED, CALLED UP AND FULLY PAID		
265,000 Ordinary shares of £1 each	<u>265,000</u>	<u>265,000</u>

20. PENSION COMMITMENTS

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 cost charge represents contributions payable by the Company to the fund during the year and amounts to £109,459 (2015 - £77,912). There were contributions outstanding at the balance sheet date of £6,381 (2015 - £NIL).

21. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	128,618	87,787
Later than 1 year and not later than 5 years	487,930	512,430
Later than 5 years	390,443	494,561
	<u>1,006,991</u>	<u>1,094,778</u>
	2016 £	2015 £
Not later than 1 year	145,546	115,901
Later than 1 year and not later than 5 years	110,393	69,008
	<u>255,939</u>	<u>184,909</u>

During the year a total of £305,591 (2015 - £168,384) was charged to the Statement of comprehensive income in respect of commitments under operating leases.

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22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under paragraph 33.1A of FRS102 not to disclose transactions with other wholly owned group members.

23. CONTROLLING PARTY

The company's immediate parent undertaking is Assa Abloy Limited. The ultimate parent company is Assa Abloy AB, a company incorporated in Sweden. The consolidated accounts are publicly available from Assa Abloy AB, Klarabergsviadukten 90, Box 70340, S-10723, Stockholm, Sweden.