Registered number: 00291547

BLACK & DECKER

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

BLACK & DECKER

COMPANY INFORMATION

DIRECTORS	M Smiley E L Brennan
SECRETARY	Mitre Secretaries Limited
REGISTERED IN ENGLAND	00291547
REGISTERED OFFICE	270 Bath Road Slough Berkshire SL1 4DX
AUDITOR	Ernst & Young LLP Bridgewater Place Water Lane Leeds LS11 5QR

BLACK & DECKER

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

Business review

The company has made a loss for the year ended 31 December 2018 but remains in a net asset position. Although turnover has increased this year a charge of £3,700,000 regarding changes to the pension scheme have increased the loss for the year.

The company is the nominated company to report the pension position for the legacy Black & Decker group's share of the Stanley Black & Decker UK Pension Plan (note 17) and at present is making contributions to reduce the pension deficit. The company incurs a current service cost for the aforementioned fund which is not recharged to other UK companies within the scheme.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are explained below.

Pension Risk
The company and Black & Decker Europe operates a defined benefit pension scheme and the largest proportion of the costs relate to the employees of Black & Decker. The main risk to the company is the defined benefit scheme liability which is included in the accounts.The directors and trustees assess and manage the risk through regular meetings and actions are taken, where appropriate to address any issues that arise.

Credit risk
The Directors consider that the credit risk exposure is limited as the receivables are with with fellow group companies. All balances are included in the financial statements at the amount that best represents their maximum exposure to credit risk at the end of the reporting period.

Liquidity and refinancing risks
The company's operations, loans and investments are financed by short and long term debt instruments. Management regularly reviews the funding position to ensure that adequate facilities are in place.

Market and interest rate risk
The company does not use hedging instruments to hedge interest rate risk as the Directors consider that they will be able to renegotiate its loan portfolios within an acceptable timescale so as to minimize the impact of significant changes in interest rates.

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

Erica Brennan

E L Brennan
Director

Date: 5 September 2019

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report and the financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the company is the provision of research and development services to Black & Decker Inc.

Results

The loss for the year, after taxation, amounted to £15,869,000 (2017 - loss £12,191,000).

Dividends

No dividends have been declared or paid during the year (2017: £Nil).

Directors

The Directors who served during the year were:

M Smiley
E L Brennan

Future developments

The Directors plan to maintain current management policies.

Financial instruments

Details of financial instruments are provided in the Strategic Report.

Going concern

The company intends to continue as an entity providing research and development services and forecasts to have sufficient net current assets available to offset any liabilities that may fall due within 12 months from approval of the financial statements.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Research and development activities

The company provides research and development services to a fellow group company.

Employee involvement

The company places the greatest value on its employees and their involvement in aspects of the company's business. The company has continued its established practice of keeping employees fully informed on matters which affect them, including the performance of the company. This is achieved through a variety of regular formal and informal meetings, briefings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Further involvement is being encouraged through the continuing development of cross functional working groups.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Disabled employees

The company's policy and practice is to encourage and assist the employment and continued training of disabled people and to retain employees who become disabled.

Qualifying third party indemnity provisions

The company benefits from a global indemnity policy which protects its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Disclosure of information to auditor

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 auditor is unaware, and
- the Directorthe 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 auditor is aware of that information.

Post balance sheet events

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

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

Erica Brennan

E L Brennan
Director

Date: 5 September 2019

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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 to 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACK & DECKER

Opinion

We have audited the financial statements of Black & Decker for the year ended 31 December 2018 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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 the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 auditor's 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.

Ernst & Young LLP

Eddie Diamond (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds

6 September 2019

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Sales		7,685	5,738
Gross profit		7,685	5,738
Administrative expenses		(10,918)	(5,591)
Operating (loss)/profit	4	(3,233)	147
Interest receivable and similar income	8	2,217	2,686
Interest payable and similar expenses	9	(14,153)	(14,124)
Net finance expenses of defined benefit scheme		(700)	(900)
Loss before tax		(15,869)	(12,191)
Loss for the financial year		(15,869)	(12,191)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Loss for the financial year		(15,869)	(12,191)
(Loss) for the financial year		-	-
Actuarial gain on defined benefit schemes		9,200	3,300
Pension contributions from fellow group companies		1,754	1,671
Other comprehensive income for the year		10,954	4,971
Total comprehensive expense for the year		(4,915)	(7,220)

The notes on pages 11 to 28 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note		2018 £000		2017 £000
Fixed assets					
Tangible assets	11		331		110
Investments	12		297,418		295,018
			297,749		295,128
Current assets					
Debtors: amounts falling due within one year	13	236,889		232,489	
		236,889		232,489	
Creditors: amounts falling due within one year	14	(178,708)		(158,348)	
Net current assets			58,181		74,141
Total assets less current liabilities			355,930		369,269
Creditors: amounts falling due after more than one year	15		(170,543)		(170,543)
Provisions for liabilities					
Other provisions	16	(534)		(508)	
			(534)		(508)
Pension liability			(18,702)		(29,552)
Net assets			166,151		168,666
Capital and reserves					
Called up share capital	19		16,790		14,390
Share premium account	20		189,753		189,753
Capital reserve	20		35,790		35,790
Other reserves	20		144,054		144,054
Profit and loss account	20		(220,236)		(215,321)
			166,151		168,666

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

Erica Brennan

E L Brennan
Director
Date: 5 September 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Capital reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2018	14,390	189,753	35,790	144,054	(215,321)	168,666
Comprehensive expense for the year						
Loss for the year	-	-	-	-	(15,869)	(15,869)
Actuarial gains on pension scheme	-	-	-	-	9,200	9,200
Pension contribution from fellow group companies	-	-	-	-	1,754	1,754
Shares issued during the year	2,400	-	-	-	-	2,400
At 31 December 2018	16,790	189,753	35,790	144,054	(220,236)	166,151

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Share premium account	Capital reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2017	14,390	189,753	35,790	144,054	(208,101)	175,886
Comprehensive expense for the year						
Loss for the year	-	-	-	-	(12,191)	(12,191)
Actuarial gains on pension scheme	-	-	-	-	3,300	3,300
Pension contribution from fellow group companies	-	-	-	-	1,671	1,671
At 31 December 2017	14,390	189,753	35,790	144,054	(215,321)	168,666

The notes on pages 11 to 28 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The company is an unlimited liability company incorporated in the United Kingdom. The registered office is 210 Bath Road, Slough, Berkshire SL1 3YD, United Kingdom. The financial statements are prepared in Pound Sterling which is the presentational currency of the company and rounded to the nearest thousand.

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. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

In line with section 33.1A of FRS 102, disclosures are not given of transactions with fellow wholly owned group companies.

In accordance with s401 of the Companies Act 2006, the company is exempt from the requirement to prepare and deliver group accounts. Financial information is presented about the company as an individual and not about its group. Details of the ultimate parent undertaking which draws up group accounts are disclosed in note 22.

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Stanley Black & Decker, Inc. as at 29 December 2018 and these financial statements may be obtained from Stanley Black & Decker Inc., 1000 Stanley Drive, New Britain, CT 06053, United States.

1.3 Revenue

Turnover comprises a recharge to a fellow group company of costs excluding certain pension costs that have been expensed by the company during the year, inclusive of mark-up.

1. Accounting policies (continued)

1.4 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

1.5 Investment income

Dividends from investments in group undertakings are credited to profit or loss when declared.

1.6 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

1.7 Taxation

Tax is recognised in the Income Statement, 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 reporting 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 Statement of Financial Position 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 reporting date.

1. Accounting policies (continued)

1.8 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.

Depreciation is provided on the following basis:

Machinery & equipment	- 12.5% - 20%
Motor vehicles	- 20% - 25%
Tooling	- 20% - 100%

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.

1.9 Operating leases: the company as lessee

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

1.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.11 Debtors

Amounts owed by group companies due within one year are measured at the undiscounted amount of the cash or other consideration expected to be received. Amounts owed by group companies due after more than one year are measured at amortised cost using the effective interest rate. All other debtors are measured at transaction price, less any impairment.

1.12 Creditors

Amounts owed to group companies due within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid. Amounts owed to group companies due after more than one year are measured at amortised cost using the effective interest rate. All other creditors are measured at transaction price.

1.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.14 Research and development

The company policy on research and development costs is to charge all costs to the Income Statement as expenses. No research and development costs have been capitalised in the current or prior year.

1.15 Pensions

Defined benefit pension scheme

The company operates both a defined benefit and defined contribution pension scheme. The defined benefit scheme closed for new entrants and to future accrual.

The company and Black & Decker Europe operate a defined benefit pension scheme (The Stanley Black & Decker UK Pension Plan - Black & Decker Section) for its employees, the assets of which are held separately from those of the company.

The pension scheme deficit is recognised in full on the Statement of Financial Position. Pension scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Increases in the present value of the scheme liabilities expected to arise from employee service in the period are charged to operating profit. The expected return on scheme assets less the increase in present value of scheme liabilities arising from the passage of time are included in other interest and shown adjacent to interest payable. Actuarial gains and losses are recognised in the Statement of Comprehensive Income.

Defined contribution pension scheme

Pension costs for the company's defined contribution scheme are recognised within operating profit at an amount equal to the contributions payable to the scheme for the year. Any prepaid or outstanding contributions at the year end are recognised respectively as assets or liabilities within prepayments or accruals.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Valuation of investments
The company carries its investments at cost less accumulated impairment. Management performs an annual review to determine if any indicators of impairment exist. Where an indicator of impairment is noted, management assess the value in use of the investments in subsidiaries by using a net assets model as the valuation technique as there is a lack of comparable market data due of the nature of the investments.

Taxation
Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effects of future tax planning strategies.

Pension
The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 17.

3. Turnover

Turnover is generated from the provision of research and development services to a fellow group company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

4. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets	**82**	54
Operating lease rentals	**122**	186
Defined contribution pension cost	**153**	126
Defined benefit pension service cost	**400**	600

5. Auditor's remuneration

Fees payable to the company's auditor and its associates in connection with the company's pension scheme(s) in respect of:

	2018 £000	2017 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	**34**	11
Fees payable to the company's auditor and its associates for other services relating to taxation	**23**	4
	57	15

6. Employees

Staff costs were as follows:

	2018 £000	2017 £000
Wages and salaries	**2,740**	2,522
Social security costs	**280**	238
Pension costs	**553**	726
	3,573	3,486

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

	2018 No.	2017 No.
Research & development	**53**	51

7. Directors' remuneration

Directors' remuneration was paid by fellow group companies as the directors of the company are also directors of other group undertakings. Although the UK directors' carried out qualifying services for each company, they do not believe that it is practical to apportion their remuneration between companies. The aggregate UK directors' emoluments in respect of qualifying services for the year were £510,000 (2017: £620,000).

During the year retirement benefits were accruing to 2 directors (2017: 3) in respect of defined contribution
pension schemes. The highest paid director received remuneration of £347,000 (2017: £343,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £34,000 (2017: £20,000).

8. Interest receivable and similar income

	2018 £000	2017 £000
Interest receivable from group companies	**2,217**	2,686
	2,217	2,686

9. Interest payable and similar expenses

	2018 £000	2017 £000
Interest payable on loans from group undertakings	**14,153**	14,124
	14,153	14,124

10. Taxation

There was no tax charge for this or the prior year.

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Loss on ordinary activities before tax	**(15,869)**	(12,191)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	**(3,015)**	(2,347)
Effects of:		
Group relief surrendered for nil consideration	**3,103**	3,034
Decrease in unrecognised deferred tax asset	**(88)**	(687)
Total tax charge for the year	**-**	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Finance Act 2016 obtained Royal Assent on 15 September 2016 and stated that the corporation tax rate will be reduced to 17% with effect from 1 April 2020.

DEFERRED TAX

The company has an unrecognised deferred tax asset of £5,154,000 (2017: £7,095,000). This has been calculated at the 17% corporation tax rate that was substantively enacted at the balance sheet date (2017: 17%).

	2018 £000	2017 £000
Deferred capital allowances	**(449)**	(545)
Tax losses carried forward	**(1,526)**	(1,526)
Pension liability	**(3,179)**	(5,024)
	(5,154)	(7,095)

11. Tangible fixed assets

	Plant, equipment and tooling £000
Cost or valuation	
At 1 January 2018	942
Additions	303
Disposals	(87)
At 31 December 2018	1,158
Depreciation	
At 1 January 2018	832
Charge for the year on owned assets	82
Disposals	(87)
At 31 December 2018	827
Net book value	
At 31 December 2018	331
At 31 December 2017	110

12. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2018	**295,018**
Additions	**2,400**
At 31 December 2018	**297,418**
Net book value	
At 31 December 2018	**297,418**
At 31 December 2017	295,018

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Bandhart Overseas	Ordinary	100 %	Investment holding company
Aven Tools Limited	Ordinary/preference	100 %	Finance investment activities
Dewalt Industrial Power Tool Company Limited*	Ordinary	100 %	Finance activities

12. Fixed asset investments (continued)

* Indicates indirect holding in subsidiary.

On 13 December 2018 the company acquired a further investment of £2,400,001 in Bandhart Overseas from its parent company Black & Decker Europe.

The investment held in Bandhart Overseas comprises of 235,476,213 (2017: 233,076,212) ordinary shares with a nominal value of 1 GBP per share. The investment held in Aven Tools Limited comprises of 12,000,000 type 'B' plus 8,000 type 'A' ordinary shares, all ranking equally with a nominal value of 1 GBP per share and 5,000 3% non-cumulative preference shares.

Black & Decker International irrevocably undertakes to each holder of the class 'B' ordinary shares of Aven Tools Limited that if at any time any class 'B' ordinary shares are due to be redeemed in accordance with their terms and such redemption cannot be lawfully effected on the due date, it shall subscribe for such number of shares in the capital of Aven Tools Limited or further shares in the capital of Aven Tools Limited at a subscription price of £1 per share as will enable the redemption to be effected on such date.

Name	Registered office
Bandhart Overseas	210 Bath Road, Slough, Berkshire SL1 3YD
Aven Tools Limited	3 Europa Court, Sheffield Airport Business Park, Sheffield S9 1XE
Dewalt Industrial Power Tool Company Limited*	c/o CMS Cameron McKenna LLP, 6 Queens Road, Aberdeen AB15 4ZT

13. Debtors

	2018 £000	2017 £000
Amounts owed by group undertakings	**236,550**	231,955
Prepayments and accrued income	**-**	18
Tax recoverable	**339**	516
	236,889	232,489

14. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	-	98
Amounts owed to group undertakings	176,839	158,201
Accruals and deferred income	1,869	49
	178,708	158,348

15. Creditors: Amounts falling due after more than one year

	2018 £000	2017 £000
Amounts owed to group undertakings	170,543	170,543
	170,543	170,543

The amounts owed to other group undertakings include ten convertible loan notes with an aggregate principal value of £137,117,148 (2017: £137,117,148). The notes are convertible on or before 15 December 2092 into an equivalent nominal value of ordinary £1 shares in the capital of the company at the option of the holder, Black & Decker International. The notes are redeemable at par on 15 December 2092. Interest is calculated at 9.25% per annum.

The holder's rights are subordinated to the claims of senior creditors and accordingly repayment of the principal amount of this equity note and payment of interest are conditional upon Black & Decker being solvent at the time of such repayment or payment.

16. Provision for liabilities

	Dilapidation provision £000
At 1 January 2018	508
Charged to profit or loss	26
At 31 December 2018	534

Dilapidation provision

The provision for dilapidations has been made to represent the company's obligations under its leases for land and buildings. These obligations are generally settled at the expiry or termination of the lease.

17. Pension commitments

The company and Black & Decker Europe operate a defined benefit pension scheme (The Stanley Black & Decker UK Pension Plan - Black & Decker Section) the assets of which are held separately from those of the company. The scheme is closed to new entrants and future accrual. The company is unable to identify its share of the underlying assets and liabilities of the Scheme. However as a result of being the most significant of the two participants these financial statements represent the entire scheme as a defined benefit scheme. Therefore, in accordance with Section 28.38 of FRS 102 (group plans), Black & Decker Europe accounts for the scheme as if it were a defined contribution scheme.

In relation to this scheme the Trustee holds insurance policies that secure pensions payable to specific beneficiaries. The policies remain the assets of the trustee but as the value of the policies is not material, under current regulations ads accounting practice, the Trustee has decided that these policies need not be valued in the Statement of Net Assets.

On 26 October 2018 the High Court handed down a judgment Involving the Lloyds Bank Group's defined benefit pension scheme. The judgment concluded that the schemes should be amended to equalise the benefits of men and women in relation to guaranteed minimum pension (GMP) benefits. The scheme valuation contains an adjustment in respect of this change to the scheme and a charge to the profit and loss account in the value of £3,700,000 has been reported under "Plan introductions, charges, curtailments, and settlements".

The company together with Black & Decker Europe has committed to make contributions to fund liabilities on past service. Contributions were made during the current year of £1,754,000 (2017: £1,671,000) from Black & Decker Europe.

Pension contributions are determined with the advice of independent qualified actuaries, Willis Towers Watson, on the basis of triennial valuations using the projected unit credit method. An actuarial valuation was carried out at 1 January 2015 and updated at 31 December 2018 for the purposes of the Section 28 accounting and disclosure in these accounts.

The company also operates a defined contribution scheme for all new employees (from 1 July 2004) and pension payments for the year amounted to £153,000 (2017: £126,000).

Reconciliation of present value of plan liabilities:

	2018 £000	2017 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	**443,200**	437,300
Interest cost	**10,200**	10,700
Actuarial (gains)/losses	**(26,400)**	15,300
Loss on settlement or curtailment	**3,700**	-
Benefits paid	**(21,400)**	(20,100)
At the end of the year	**409,300**	443,200

17. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2018 £000	2017 £000
At the beginning of the year	**413,648**	399,581
Current service cost	**(400)**	(600)
Interest income	**9,500**	9,800
Actuarial gains/losses	**(17,200)**	18,600
Contributions	**6,450**	6,367
Benefits paid	**(21,400)**	(20,100)
At the end of the year	**390,598**	413,648

Composition of plan assets:

	2018 £000	2017 £000
Equity securities	**115,226**	131,126
Debt securities	**261,701**	262,253
Other	**13,671**	20,269
Total plan assets	**390,598**	413,648

	2018 £000	2017 £000
Pension asset/liability	**(18,702)**	(29,552)
Net pension scheme liability	**(18,702)**	(29,552)

17. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2018 £000	2017 £000
Net finance expense on defined benefit pension	(700)	(900)
Plan introductions, changes, curtailments and settlements	(3,700)	-
Total	(4,400)	(900)

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2018 %	2017 %
Discount rate	2.85	2.35
Pension increases for defined benefits	2.25	2.20
Mortality rates		
- for a male aged 65 now	22.0	22.0
- for a female aged 65 now	23.8	23.6

18. Commitments under operating leases

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Not later than 1 year	**1,109**	628
Later than 1 year and not later than 5 years	**4,473**	142
Later than 5 years	**5,188**	74
	10,770	844

The company holds the obligation for the operating leases but the costs will be borne by a fellow group company.

19. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
16,789,572 (2017 - 14,389,571) Ordinary shares of £1.00 each	**16,790**	14,390

On 13 December 2018 the company issued 2,400,001 shares (at par) to its parent Black & Decker Europe.

20. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital reserve

The Capital reserve was created on 13 October 1994 resulting from the acquisition of a company for a total consideration of £1.

Other reserves

This reserve relates to historical capital contributions from fellow group companies.

Profit & loss account

This reserve records any accumulated distributable profits less dividends paid since the inception of the company.

21. Related party transactions

During the year the company entered into transactions with fellow group companies giving rise to balances outstanding to and from the company. The balances outstanding were as follows;

	2018 £000	2017 £000
Amounts owed by parent company	**228,889**	169,767
Amounts owed by group undertakings	**7,661**	62,188
Amounts owed to parent company	**(303,692)**	(327,690)
Amounts owed to group undertakings	**(86)**	(1,054)
Amounts owed to subsidiaries	**(43,604)**	-

22. Controlling party

The immediate parent company is Black & Decker Europe, a company incorporated in the United Kingdom. The ultimate parent company is Stanley Black & Decker, Inc., a company incorporated in the United States.

The largest and smallest group in which the results of the company are consolidated is that of Stanley Black & Decker, Inc. Consolidated accounts area available from Stanley Black & Decker, Inc. at the address below:

Stanley Black & Decker, Inc.
1000 Stanley Drive
New Britain
CT 06053
United States