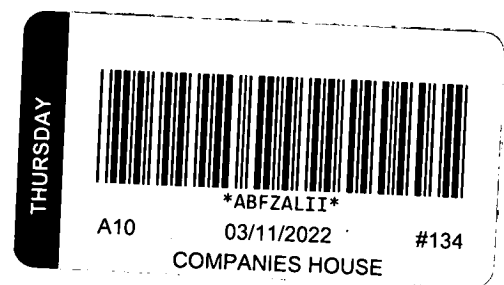


BLACK & DECKER

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



BLACK & DECKER

COMPANY INFORMATION

Directors	M Smiley E L Brennan (resigned 1 March 2022) S Dunlop (appointed 1 March 2022)
Secretary	Mitre Secretaries Limited
Registered number	00291547
Registered office	270 Bath Road Slough Berkshire SL1 4DX
Auditor	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT

BLACK & DECKER

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BLACK & DECKER

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Business review

The company saw an decrease in its operating loss to £139,000 (2020: £231,000) mainly due to the variation in the defined benefit pension costs of £400,000 (2020: £500,000). Excluding the defined benefit pension costs, the company's operating profit was £261,000 (2020: £269,000), the reduction due to a fall in demand for services.

Principal risks and uncertainties

The principal risks and uncertainties facing the company arise from the company pension scheme and the holding of financial instruments. The company's principal financial instruments comprise intercompany 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 detailed below. The directors' consideration of the risks and uncertainties in this respect are also outlined 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 loans are with fellow group companies.

Liquidity and refinancing risks

The company's objective is to produce continuity of funding at a reasonable cost. The company uses its existing finances to support this objective.

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.

Directors' statement of compliance with duty to promote the success of the company

This statement by the Board of Directors describes how they have approached their responsibilities under S172(1) (a) to (f) of the Companies Act 2006 in the financial period ending 31 December 2021.

The directors promote the success of the company for the benefit of the sole shareholder and that of the shareholders of its ultimate parent (Stanley Black & Decker, Inc) whilst taking into account, amongst other matters, the items headed up below.

Consequences of any decision in the long term

During the year the company continued to perform its principal activities with there being no long term decisions affecting its operations.

BLACK & DECKER

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Directors' statement of compliance with duty to promote the success of the company (continued)

Interests of the company's employees

Employees are the company's main asset and their health and safety is the company's number one priority. This entails strict Health and Safety policies tailored with suitable and regular training programs.

The company also strives to build and nurture a culture of inclusiveness where there is a deep sense of pride, passion and belonging that transcends any role and where all employees feel valued, heard and positioned to do their best work every day.

There are also further details regarding employee interest in the sections "Engagement with employees" and "Disabled employees" in the Directors' Report.

Business relationships with suppliers, customers and others

The company recognises the importance that stakeholders outside the business such as suppliers add to the company and works ethically together to ensure that the goals of the company are met in a mutually beneficial fashion by negotiating contracts, agreeing payment terms in advance and maintaining an open dialogue with suppliers.

The impact of company's operations on the community and the environment


As an affiliate of Stanley Black & Decker, Inc, the directors continue to promote the Organisation's Global Social Responsibility Goals to inspire makers and innovators to create a more sustainable world in alignment with the Stanley Black & Decker, Inc's Group's purpose.

The company believes corporations have a broader role to play in society building on our historical, deep focus on environment, health and safety, sustainability and community engagement. This role relates to helping solve the world's challenges, such as climate change, income inequality and workforce development.

Maintaining a reputation for high standards of business conduct

The company also supports bringing together the best of the best to create practical, meaningful products and services that make life easier, empowering people to do better, safer, more significant work. Innovation and excellence have powered Stanley Black & Decker, Inc's success, but equally knows there's more the organisation can do for the world and those who make it. Across our businesses, we're investing in breakthrough innovation and digital excellence, striving for outperformance and increasing our focus on social responsibility.

This report was approved by the board on 26 October 2022 and signed on its behalf.

DocuSigned by:

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S Dunlop
Director

BLACK & DECKER

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

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 £14,377,000 (2020: loss £14,263,000).

Dividends

The company did not pay any dividends during the year (2020: £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.

Research and development activities

The company is engaged in the research and development of power tools and domestic appliances.

Engagement with employees

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.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular qualifications, aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or alternative positions and to provide reasonable adjustments and appropriate training to achieve this aim.

BLACK & DECKER

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

UK Streamlined Energy and Carbon Reporting

As an affiliate of Stanley Black & Decker, Inc, the Directors continue to promote the Organisation's commitment to environmental sustainability, particularly with regard to climate, waste and water.

The Organisation's 2030 targets of becoming better than carbon neutral (carbon positive), achieving zero waste to landfill and ensuring sustainable water use across our operations continues to reflect our long-standing commitment to make a lasting, positive change for our communities and the world.

Sustainability is a fundamental part of the Stanley Black & Decker, Inc's culture, as demonstrated through support of and alignment with the UN Sustainable Development Goals. We work actively toward cleaner water, minimizing waste generation and landfilling, and reducing our greenhouse gas emissions to lessen climate risk and find climate opportunity.

The table shows the company's operational energy and carbon footprint, according to the (SECR) framework.

	2021	2020
Energy consumption used to calculate emissions: kWh	143,485	88,732
Emissions from combustion of gas tCO ₂ e(Scope 1)	20	14
Emissions from combustion of fuel (Scope 1)	-	-
Total gross CO ₂ e based on above	20	14
Intensity ratio: tCO ₂ /employee	0.63	0.61

BLACK & DECKER

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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.

Going concern

The company is a member of the Stanley Black & Decker, Inc. group and operates as an intermediate holding company for several subsidiaries. Given the integrated nature of its activities within the Stanley Black & Decker, Inc. group, the ultimate parent company, Stanley Black & Decker, Inc., has agreed to provide continued support to the company until 31 December 2023 to meet its obligations as and when they fall due, to the extent that the company is unable to meet its liabilities.

Stanley Black & Decker, Inc. released its 2021 Annual report (10-K) on 22 February 2022 and its second quarter results for 2022 on 28 July 2022. The directors continue to believe the group is in a strong financial position and has significant flexibility to continue for the foreseeable future as the group:

- maintains strong investment grade credit ratings,
- possesses substantial cash-on-hand and manages a robust and highly rated \$3.5 billion commercial paper programme, and
- carries \$7 billion of revolving credit facilities backed by a well-capitalised, diversified bank group.

Based on this information, and on enquiry, the directors believe that the ultimate parent company, Stanley Black & Decker, Inc., has the ability to provide the financial support for the foreseeable future.

Taking into account the position of the ultimate parent company the directors are of the view, to the best of their current knowledge, that there are no events expected to have a material adverse impact on the company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

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 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.

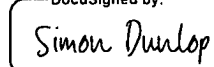
Post balance sheet events

In February 2022, a number of countries (including the US, UK, and those within the EU) imposed new sanctions against certain entities and individuals with links to Russia. Announcements of potential sanctions have been made following military operations initiated on 24 February 2022. The company and group does not have significant exposure related to the current events in Ukraine, including as a result of the sanctions imposed on Russia by various governments and the European Union.

BLACK & DECKER

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

This report was approved by the board on 26 October 2022 and signed on its behalf.

DocuSigned by:

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S Dunlop
Director

BLACK & DECKER

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

BLACK & DECKER

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

Opinion

We have audited the financial statements of Black & Decker (the 'company') for the year ended 31 December 2021 which comprise the Income statement, Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 state of the company's affairs as at 31 December 2021 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to the events or conditions that, individually or collectively, may cast a significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

BLACK & DECKER

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 the 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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Extent to which the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, we considered the following:

- the nature of the industry and sector, control environment and business performance,
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance,
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and where fraud might occur in the financial

BLACK & DECKER

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

statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

Our procedures to respond to risks identified included the following:

- agreeing the financial statement disclosures to underlying supporting documentation;
- auditing the risk of management override including the testing of journals and adjustments for appropriateness;
- reviews for significant transactions outside of the normal course of business;
- reviews of meeting minutes; and
- enquiries with management.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

UHY Hacker Young Manchester LLP

Zoë Duffy BFP FCA (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young Manchester LLP

31/10/22

Chartered Accountants
Statutory Auditor
St James Building
79 Oxford Street
Manchester
M1 6HT

BLACK & DECKER

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Turnover	3	2,869	2,415
Gross profit		2,869	2,415
Administrative expenses		(3,008)	(2,738)
Other operating income	4	-	92
Operating loss	5	(139)	(231)
Interest receivable and similar income	9	67	675
Interest payable and similar expenses	10	(14,105)	(14,407)
Net finance expenses of defined benefit scheme		(200)	(300)
Loss before tax		(14,377)	(14,263)
Loss for the financial year		(14,377)	(14,263)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £000	2020 £000
Loss for the financial year	(14,377)	(14,263)
Actuarial gain/(loss) on defined benefit schemes	29,300	(1,000)
Pension contributions from fellow group companies	880	882
Other comprehensive income/(expense) for the year	15,803	(14,381)
Total comprehensive income/(expense) for the year	15,803	(14,381)

The notes on pages 14 to 32 form part of these financial statements.

BLACK & DECKER
REGISTERED NUMBER: 00291547

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	12	223	278
Investments	13	297,418	297,418
		<u>297,641</u>	<u>297,696</u>
Current assets			
Debtors: amounts falling due within one year	14	174,001	168,158
		<u>174,001</u>	<u>168,158</u>
Creditors: amounts falling due within one year	15	(221,631)	(198,958)
Net current liabilities		<u>(47,630)</u>	<u>(30,800)</u>
Total assets less current liabilities		<u>250,011</u>	<u>266,896</u>
Creditors: amounts falling due after more than one year	16	(170,543)	(170,543)
Provisions for liabilities			
Other provisions	17	-	(748)
		<u>-</u>	<u>(748)</u>
Pension asset/(liability)		18,118	(13,822)
Net assets		<u>97,586</u>	<u>81,783</u>
Capital and reserves			
Called up share capital	20	16,790	16,790
Profit and loss account	21	80,796	64,993
		<u>97,586</u>	<u>81,783</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 October 2022.

DocuSigned by:

Simon Dunlop

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S Dunlop
 Director

BLACK & DECKER

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2021	16,790	64,993	81,783
Comprehensive income for the year			
Loss for the year	-	(14,377)	(14,377)
Actuarial gains on pension scheme	-	29,300	29,300
Pension contribution from fellow group companies	-	880	880
At 31 December 2021	<u>16,790</u>	<u>80,796</u>	<u>97,586</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2020	16,790	79,374	96,164
Comprehensive (expense) for the year			
Loss for the year	-	(14,263)	(14,263)
Actuarial losses on pension scheme	-	(1,000)	(1,000)
Pension contribution from fellow group companies	-	882	882
At 31 December 2020	<u>16,790</u>	<u>64,993</u>	<u>81,783</u>

BLACK & DECKER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 270 Bath Road, Slough, Berkshire SL1 4DX, 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 unless otherwise specified within these accounting policies 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 24.

Going concern

The company is a member of the Stanley Black & Decker, Inc., Group and operates as an intermediate holding company for several subsidiaries. Given the integrated nature of its activities within the Stanley Black & Decker, Inc., Group, the ultimate parent company, Stanley Black & Decker, Inc., has agreed to provide continued support to the company until 31 December 2023 to meet its obligations as and when they fall due, to the extent that the company is unable to meet its liabilities.

Stanley Black & Decker, Inc. released its 2021 Annual report (10-K) on 22 February 2022 and its second quarter results for 2022 on 28 July 2022. The directors continue to believe the group is in a strong financial position and has significant flexibility to continue for the foreseeable future as the group:

- maintains strong investment grade credit rating
- possesses substantial cash-on-hand and manages a robust and highly rated \$3.5 billion commercial paper programme, and
- carries \$7 billion of revolving credit facilities backed by a well-capitalised, diversified bank group.

Based on this information, and on enquiry, the directors believe that the ultimate parent company, Stanley Black & Decker, Inc., has the ability to provide the financial support for the foreseeable future.

BLACK & DECKER

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. Accounting policies (continued)**1.1 Basis of preparation of financial statements (continued)**

Taking into account the position of the ultimate parent company the directors are of the view, to the best of their current knowledge, that there are no events expected to have a material adverse impact on the company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

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 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 11.42, 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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Stanley Black & Decker, Inc. as at 1 January 2022 and these financial statements may be obtained from Stanley Black & Decker Inc., 1000 Stanley Drive, New Britain, CT 06053, United States.

1.3 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:

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.

Revenue comprises the recharge to Black & Decker, Inc. of all costs that have been incurred, excluding certain pension costs, by the company during the year, inclusive of mark-up.

BLACK & DECKER

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. Accounting policies (continued)

1.4 Government grants

Grants received during the year are accounted for under the accruals model, as permitted by Section 24 of FRS 102. Those grants received were of a revenue nature and are recognised in the Statement of Comprehensive Income in the same period as the related expenditure. Any amounts receivable at the year end have been included in debtors as accrued income.

1.5 Interest payable

Finance costs are charged to the Income Statement 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.

1.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

1.7 Investment income

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

1.8 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

1.9 Operating leases: the company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. Accounting policies (continued)**1.10 Taxation**

Tax is recognised in profit or loss 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 reporting 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.

1.11 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.

1.12 Valuation of investments

The directors undertake a review of the investments held each year. The recoverable amount is estimated based on the fair value less the costs to sell or a value in use calculation. Value in use is based on a discounted cash flow model.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. Accounting policies (continued)

1.13 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.

1.14 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.

1.15 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.

1.16 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. Accounting policies (continued)

1.17 Pensions

Defined benefit pension scheme

The company operates both a defined benefit and defined contribution pension scheme. The defined benefit scheme is 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 asset/loss is recognised in full on the Statement of Financial Position.

The Trust Deed provides Black & Decker with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a plan wind-up. Furthermore, in the ordinary course of business the Trustee has no rights to unilaterally wind up, or otherwise augment the benefits due to members of the scheme.

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the financial statements.

Taxation

Management judgement 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.

Estimates and assumptions

The areas where assumptions and estimates are significant to the financial statements are described below. The estimates and associated assumptions are based on historical experience and various other factors which are believed to be reasonable under the circumstances.

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 as there is a lack of comparable market data due to the nature of the investments (note 14).

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 18.

3. Turnover

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Other operating income

	2021	2020
	£000	£000
Other operating income	-	92
	<u>-</u>	<u>92</u>
	<u>-</u>	<u>92</u>

During the prior year the company benefited from the UK Government's "Job Retention Scheme" which allowed employers to claim a proportion of the salary of qualifying staff up to certain thresholds. The company received a total of £92,000 during the prior year and this is included in the figure for other income in the Income Statement for that year.

5. Operating loss

The operating loss is stated after charging:

	2021	2020
	£000	£000
Foreign exchange gain	1	1
Depreciation of tangible fixed assets	73	68
Operating lease rentals	50	20
Defined contribution pension cost	97	67
Defined benefit pension service cost	400	500
	<u>400</u>	<u>500</u>

6. Auditor's remuneration

	2021	2020
	£000	£000
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	12	12
	<u>12</u>	<u>12</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Employees

Staff costs were as follows:

	2021	2020
	£000	£000
Wages and salaries	1,599	1,168
Social security costs	159	107
Defined contribution pension costs	97	67
	1,855	1,342

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

	2021	2020
	No.	No.
Research & development	32	23

8. 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.

Aggregate emoluments in respect of qualifying services for the year were £781,000 (2020: £582,000).

During the year retirement benefits were accruing to 2 directors (2020: 2) in respect of defined contribution pension schemes. The highest paid director received remuneration of £485,000 (2020: £354,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,000 (2020: £6,000).

9. Interest receivable and similar income

	2021	2020
	£000	£000
Interest receivable from group companies	67	675
	67	675

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Interest payable and similar expenses

	2021	2020
	£000	£000
Interest payable on loans from group undertakings	14,105	14,407
	14,105	14,407

11. 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 (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
	£000	£000
Loss on ordinary activities before tax	(14,377)	(14,263)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(2,732)	(2,710)
Effects of:		
Other timing differences	(391)	(369)
Group relief surrendered for nil consideration	3,123	3,079
Total tax charge for the year	-	-

Factors that may affect future tax charges

The Finance Act 2021 increased the main rate of UK corporation tax to 25% effective from 1 April 2023. Given this was substantively enacted on 24 May 2021 these changes have been reflected in the measurement of deferred tax balances at the year end. Where deferred tax balances are anticipated to unwind prior to 1 April 2023, these continue to be recognised at the current rates of UK corporation tax of 19%. Where deferred tax balances are anticipated to unwind after 1 April 2023, these have been recognised at 25%.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Taxation (continued)**Deferred tax**

The company has an unrecognised deferred tax liability of £1,916,000 (2020: £4,670,000 asset). This has been calculated at the 25% corporation tax rate that was substantively enacted at the balance sheet date (2019: 19%).

	2021	2020
	£000	£000
Deferred capital allowances	369	338
Tax losses carried forward	2,244	1,705
Pension asset/liability	(4,529)	2,627
	<u>(1,916)</u>	<u>4,670</u>

12. Tangible fixed assets

	Plant, equipment and tooling £000
Cost or valuation	
At 1 January 2021	1,181
Additions	21
Disposals	(3)
At 31 December 2021	<u>1,199</u>
Depreciation	
At 1 January 2021	903
Charge for the year on owned assets	73
At 31 December 2021	<u>976</u>
Net book value	
At 31 December 2021	<u>223</u>
At 31 December 2020	<u>278</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2021	297,418
At 31 December 2021	297,418

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Bandhart Overseas	3 Europa Court, Sheffield Airport Business Park, Sheffield S9 1XE	Investment holding company	Ordinary	100%
Aven Tools	3 Europa Court, Sheffield Airport Business Park, Sheffield S9 1XE	Finance investment activities	Ordinary/ preference	100%
Dewalt Industrial Power Tool Company Limited*	c/o CMS Cameron McKenna LLP, 6 Queens Road, Aberdeen AB15 4ZT	Finance activities	Ordinary	100%

* Indicates indirect holding in subsidiary.

The investment held in Bandhart Overseas comprises 235,476,213 (2020: 235,476,213) shares with a nominal value of 1 GBP per share. The investment held in Aven Tools comprises 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 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Debtors

	2021	2020
	£000	£000
Amounts owed by group undertakings	173,949	168,055
Prepayments and accrued income	2	3
Tax recoverable	50	100
	<u>174,001</u>	<u>168,158</u>

15. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	59	58
Amounts owed to group undertakings	221,572	198,888
Accruals and deferred income	-	12
	<u>221,631</u>	<u>198,958</u>

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

	2021	2020
	£000	£000
Amounts owed to group undertakings	170,543	170,543
	<u>170,543</u>	<u>170,543</u>

The amounts owed to other group undertakings include ten convertible loan notes with an aggregate principal value of £137,117,148 (2020: £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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

17. Provision for liabilities

	Dilapidation provision £000
At 1 January 2021	748
Transferred to affiliate	(748)
At 31 December 2021	-

Dilapidation provision

The provision for dilapidations has been transferred to a fellow group company which will settle the liability on the expiry or termination of the lease.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Pension commitments**Defined contribution**

The company operates a defined contribution scheme for all new employees (from 1 July 2004) and pension payments for the year amounted to £86,000 (2020: £67,000).

Defined benefit

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 the 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 and accounting practice, the Trustee has decided that these policies need not be valued in the Statement of Net Assets.

The company, together with Black & Decker Europe, has committed to make contributions to fund liabilities on past service. The schedule of contributions was updated on 11 January 2019 with total contributions of £3,240,000 per annum. The cost of the contribution is shared with Black & Decker Europe; Black & Decker paying 72.8% and Black & Decker Europe paying 27.2%. Hence contributions were made during the current year of £880,000 (2020: £882,000) from Black & Decker Europe. The companies will continue to make payments at this level until March 2022 after which the total contributions from both the company and Black & Decker Europe will be £2,000,000 (applying the same percentage split as above) following a revised schedule of contributions which was approved on 31 March 2022.

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 31 December 2020 and updated at 31 December 2021 for the purposes of the Section 28 accounting and disclosure in these accounts.

Reconciliation of present value of plan liabilities:

	2021	2020
	£000	£000
Reconciliation of present value of plan liabilities		
At the beginning of the year	477,800	444,000
Interest cost	6,800	8,700
Actuarial (gains)/losses	(32,600)	41,600
Benefits paid	(17,000)	(16,500)
At the end of the year	435,000	477,800

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2021	2020
	£000	£000
At the beginning of the year	463,978	428,738
Current service cost	(400)	(500)
Interest income	6,600	8,400
Actuarial gains	(3,300)	40,600
Contributions	3,240	3,240
Benefits paid	(17,000)	(16,500)
At the end of the year	453,118	463,978

Composition of plan assets:

	2021	2020
	£000	£000
Equity securities	104,670	90,940
Debt securities	309,480	316,897
Other	38,968	56,141
Total plan assets	453,118	463,978

	2021	2020
	£000	£000
Pension asset/(liability)	18,118	(13,822)
Net pension scheme asset/(liability)	18,118	(13,822)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2021	2020
	£000	£000
Administration costs incurred during the period	(400)	(500)
Net finance expense on defined benefit pension	(200)	(300)
Total	(600)	(800)

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2021	2020
	%	%
Discount rate	1.90	1.45
Pension increases for defined benefits	2.95	2.45
Mortality rates		
- for a male aged 65 now	20.8	21.6
- for a female aged 65 now	23.2	23.5

19. Commitments under operating leases

At 31 December 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	2020
	£000	£000
Not later than 1 year	1,109	1,109
Later than 1 year and not later than 5 years	4,367	4,402
Later than 5 years	1,968	3,041
	7,444	8,552

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. Share capital

	2021	2020
	£000	£000
Allotted, called up and fully paid		
16,789,573 (2020: 16,789,573) Ordinary shares of £1.00 each	16,790	16,790

21. Reserves**Profit & loss account**

This reserve records any accumulated distributable profits less dividends paid since the inception of the company. In addition, the reserve has been augmented in the year due by a transfer from the share premium account.

22. 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;

	2021	2020
	£000	£000
Amounts owed by parent company	173,784	167,390
Amounts owed by group undertakings	165	665
Amounts owed to parent company	(343,320)	(322,148)
Amounts owed to group undertakings	(813)	(751)
Amounts owed to subsidiaries	(47,982)	(46,532)

23. Post balance sheet events

In February 2022, a number of countries (including the US, UK, and those within the EU) imposed new sanctions against certain entities and individuals with links to Russia. Announcements of potential sanctions have been made following military operations initiated on 24 February 2022. The company and group does not have significant exposure related to the current events in Ukraine, including as a result of the sanctions imposed on Russia by various governments and the European Union.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

24. 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 are available from Stanley Black & Decker, Inc. at the address below:

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