Registered number: 00291547

BLACK & DECKER

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

BLACK & DECKER

COMPANY INFORMATION

Directors	M Smiley E L Brennan
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

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Business review

The company saw an increase in its operating loss to £231,000 (2019: £79,000) mainly due to the variation in the defined benefit pension costs of £500,000 (2019: £300,000). Excluding the defined benefit pension costs, the company's operating profit was £269,000 (2019: £221,000), the reduction due to a fall in demand for services.

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 19) 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 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. In addition, and in common with the vast majority of the world's economy, the company and the group to which it belongs could be affected by the Covid-19 pandemic. The directors' consideration of the risks and uncertainties in this respect are also outline 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.

Covid-19
While the impact on this individual business from Covid-19 could be considered to be limited the directors are mindful that the company is part of a large multinational group where subsidiaries are subject to the continuing support of the ultimate holding company. With this in mind the directors have considered the ability of the ultimate parent company, and the group in its entirety, to navigate the current extremely difficult period. This consideration can be found in the Directors' Report.

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 2020.

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.

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

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.

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 where inclusiveness is a reflex, not an initiative – where there is a deep sense of pride, passion and belonging that transcends any role, business unit, language or country. 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 "Employee Involvement" and "Disabled employees" in the Directors' Report.

Business relationships with suppliers, customers and others
We recognise the importance that stakeholders outside the business such as suppliers add to our business and we work ethically together to ensure that our goals 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 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. In short, we're working to be a force for good.

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 27 September 2021 and signed on its behalf.

Erica Brennan

E L Brennan
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

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 £14,263,000 (2019: loss £13,163,000).

Dividends

The company did not pay any dividends during the year (2019: £58,706,000).

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.

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.

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.

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.

	2020
Energy consumption used to calculate emissions: kWh	**88,732**
Emissions from combustion of gas tCO2e(Scope 1)	**14**
Emissions from combustion of fuel (Scope 1)	**-**
Total gross CO2e based on above	**14**
Intensity ratio: tCO2/employee	**0.61**

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

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The ultimate parent undertaking has confirmed its intention to provide continued support for at least a year from the date of signing these financial statements as the company currently has net current liabilities.

During 2020, the Covid-19 pandemic resulted in considerable volatility in the global economy and uncertainty in the markets in which Stanley Black & Decker, Inc. ("Group") operates. However, despite the adverse impacts from the pandemic, the Group closed out 2020 with year-over-year growth in revenue, gross margin and operating margin, as well as record free cash flow. The Covid-19 pandemic continues to impact the global economy in 2021 and the long-term effect on the Group's business, results of operations, and liquidity remains uncertain. However, the Group continues to believe it is in a strong financial position as at the year end and has significant flexibility to continue navigating this volatile period as the Group:

- maintains strong investment grade credit ratings,
- possesses substantial cash-on-hand and manages a robust and highly rated $3 billion commercial paper programme, and
- carries $3 billion of revolving credit facilities backed by a well-capitalised, diversified bank group.

The Group believes it is well-positioned to deliver sustained above-market organic growth, operating margin expansion, strong free cash flow generation and top-quartile shareholder returns over the long-term.

Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

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

The EU-UK Trade and Cooperation Agreement, governing the trading arrangements between UK and EU, was signed on 30 December 2020. It applied provisionally from 1 January 2021 when the Brexit transition period ended before coming into force on 1 May 2021.

The directors consider that the new trading arrangements will have no significant negative effect on the company or its subsidiaries and no amendment to the figures in the accounts is therefore required.

This report was approved by the board on 27 September 2021 and signed on its behalf.

Erica Brennan

E L Brennan
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

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 MEMBER OF BLACK & DECKER

Opinion

We have audited the financial statements of Black & Decker (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their presentation is applicable law and United Kingdom Accounting Standards, including 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 and true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss 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 basic of accounting in preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events of conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period or 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 section 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 of 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 material misstatement of this 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 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 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 and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns: or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 and 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 going concern basis of accounting unless the directors either 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 misstatements, 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 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

Based on our understanding of the company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to a misstated financial position.

Our procedures to respond to risks identified included the following:

- review of the financial statements disclosures to underlying supporting documentation
- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- enquires of management and
- testing of journals and evaluating whether there was evidence of bias by the directors that represented risk of material misstatement due to fraud.

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 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 for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone that 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

Zoe Duffy BFP FCA (Senior Statutory Auditor)

for and on behalf of UHY Hacker Young Manchester LLP

28/9/21

Chartered Accountants

Statutory Auditor

St James Building

79 Oxford Street

Manchester

M1 GHT

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Turnover	3	**2,415**	2,483
Gross profit		**2,415**	2,483
Administrative expenses		**(2,738)**	(2,562)
Other operating income	4	**92**	-
Operating loss	5	**(231)**	(79)
Interest receivable and similar income	9	**675**	1,578
Interest payable and similar expenses	10	**(14,407)**	(14,162)
Net finance expenses of defined benefit scheme		**(300)**	(500)
Loss before tax		**(14,263)**	(13,163)
Loss for the financial year		**(14,263)**	(13,163)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £000	2019 £000
Loss for the financial year	**(14,263)**	(13,163)
Actuarial (loss)/gain on defined benefit schemes	**(1,000)**	1,000
Pension contributions from fellow group companies	**882**	882
Other comprehensive expense for the year	**(14,381)**	(11,281)
Total comprehensive expense for the year	**(14,381)**	(11,281)

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note		2020 £000		2019 £000
Fixed assets					
Tangible assets	13		**278**		333
Investments	14		**297,418**		297,418
			297,696		297,751
Current assets					
Debtors: amounts falling due within one year	15	**168,158**		180,072	
		168,158		180,072	
Creditors: amounts falling due within one year	16	**(198,958)**		(195,273)	
Net current liabilities			**(30,800)**		(15,201)
Total assets less current liabilities			**266,896**		282,550
Creditors: amounts falling due after more than one year	17		**(170,543)**		(170,543)
Provisions for liabilities					
Other provisions	18	**(748)**		(581)	
			(748)		(581)
Pension liability	19		**(13,822)**		(15,262)
Net assets			**81,783**		96,164
Capital and reserves					
Called up share capital	21		**16,790**		16,790
Profit and loss account	22		**64,993**		79,374
			81,783		96,164

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2021.

Erica Brennan

E L Brennan
Director

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 income/(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	16,790	64,993	81,783

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	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 2019	16,790	189,753	35,790	144,054	(220,236)	166,151
Comprehensive income/(expense) for the year						
Loss for the year	-	-	-	-	(13,163)	(13,163)
Actuarial gains on pension scheme	-	-	-	-	1,000	1,000
Pension contribution from fellow group companies	-	-	-	-	882	882
Dividends : Equity capital	-	-	-	-	(58,706)	(58,706)
Premium on bonus share issue	-	179,844	(35,790)	(144,054)	-	-
Transfer to profit and loss account	-	(369,597)	-	-	369,597	-
At 31 December 2019	16,790	-	-	-	79,374	96,164

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 25.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The ultimate parent undertaking has confirmed its intention to provide continued support for at least a year from the date of signing these financial statements as the company currently has net current liabilities.

During 2020, the Covid-19 pandemic resulted in considerable volatility in the global economy and uncertainty in the markets in which Stanley Black & Decker, Inc. ("Group") operates. However, despite the adverse impacts from the pandemic, the Group closed out 2020 with year-over-year growth in revenue, gross margin and operating margin, as well as record free cash flow. The Covid-19 pandemic continues to impact the global economy in 2021 and the long-term effect on the Group's business, results of operations, and liquidity remains uncertain. However, the Group continues to believe it is in a strong financial position as at the year end and has significant flexibility to continue navigating this volatile period as the Group:

- maintains strong investment grade credit ratings,
- possesses substantial cash-on-hand and manages a robust and highly rated $3 billion commercial paper programme, and
- carries $3 billion of revolving credit facilities backed by a well-capitalised, diversified bank group.

The Group believes it is well-positioned to deliver sustained above-market organic growth, operating margin expansion, strong free cash flow generation and top-quartile shareholder returns over the long-term.

Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and account.

1. Accounting policies (continued)

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 2 January 2021 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.

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. Accounting policies (continued)

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 the Income Statement 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 the Income Statement 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 the Income Statement on a straight line basis over the lease term.

1. Accounting policies (continued)

1.10 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.

1.11 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.17 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. Accounting policies (continued)

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

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 19.

3. Turnover

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

4. Other operating income

	2020 £000	2019 £000
Other operating income	**92**	-
	92	-

During the 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 has received a total of £92,000 during the year and this is included in the figure for other income in the Income Statement.

5. Operating loss

The operating loss is stated after charging:

	2020 £000	2019 £000
Foreign exchange gain	**1**	(4)
Depreciation of tangible fixed assets	**68**	74
Operating lease rentals	**20**	106
Defined contribution pension cost	**67**	96
Defined benefit pension service cost	**500**	300

6. Auditor's remuneration

Fees payable to the company's auditor and its associates in respect of:

	2020 £000	2019 £000
Audit-related assurance services	**12**	12
	12	12

7. Employees

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	**1,168**	1,325
Social security costs	**107**	138
Defined contribution pension costs	**67**	96
	1,342	1,559

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

	2020 No.	2019 No.
Research & development	**23**	25

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 £582,000 (2019: £625,000).

During the year retirement benefits were accruing to 2 directors (2019: 2) in respect of defined contribution pension schemes. The highest paid director received remuneration of £354,000 (2019: £411,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,000 (2019: £16,000).

9. Interest receivable and similar income

	2020 £000	2019 £000
Interest receivable from group companies	**675**	1,578
	675	1,578

10. Interest payable and similar expenses

	2020 £000	2019 £000
Interest payable on loans from group undertakings	**14,407**	14,162
	14,407	14,162

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 (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Loss on ordinary activities before tax	**(14,263)**	(13,163)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**(2,710)**	(2,501)
Effects of:		
Other timing differences	**(73)**	(99)
Group relief surrendered for nil consideration	**3,079**	2,986
Decrease in unrecognised deferred tax asset	**(296)**	(386)
Total tax charge for the year	**-**	-

11. Taxation (continued)

Deferred tax

The UK Budget 2021 announcements of 3 March 2021 included measures to support economic recovery as a result of the ongoing Covid-19 pandemic. These include an increase to the UK's main corporation tax rate to 25% which is due to take effect from 1 April 2023. These changes were not substantively enacted at the balance sheet date and therefore have not been reflected in the measurement of the deferred tax balances at the year end. It is not anticipated that these changes will have a material impact on the company's deferred tax balances.

The company has an unrecognised deferred tax asset of £4,670,000 (2019: £4,488,000). This has been calculated at the 19% corporation tax rate that was substantively enacted at the balance sheet date (2019: 17%).

	2020	2019
	£000	£000
Deferred capital allowances	**(338)**	(368)
Tax losses carried forward	**(1,705)**	(1,526)
Pension liability	**(2,627)**	(2,594)
	(4,670)	(4,488)

12. Dividends

	2020	2019
	£000	£000
Dividends paid	**-**	58,706
	-	58,706

13. Tangible fixed assets

	Plant, equipment and tooling £000
Cost or valuation	
At 1 January 2020	**1,168**
Additions	**16**
Disposals	**(3)**
At 31 December 2020	**1,181**
Depreciation	
At 1 January 2020	**835**
Charge for the year on owned assets	**68**
At 31 December 2020	**903**
Net book value	
At 31 December 2020	**278**
At 31 December 2019	333

14. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2020	**297,418**
At 31 December 2020	**297,418**

14. Fixed asset investments (continued)

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 (2019: 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.

15. Debtors

	2020 **£000**	2019 £000
Amounts owed by group undertakings	**168,055**	179,907
Prepayments and accrued income	**3**	-
Tax recoverable	**100**	165
	168,158	180,072

16. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	**58**	-
Amounts owed to group undertakings	**198,888**	195,249
Accruals and deferred income	**12**	24
	198,958	195,273

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

	2020 £000	2019 £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 (2019: £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.

18. Provision for liabilities

	Dilapidation provision £000
At 1 January 2020	**581**
Charge for the year	**167**
At 31 December 2020	**748**

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.

19. Pension commitments

Defined contribution

The company also operates a defined contribution scheme for all new employees (from 1 July 2004) and pension payments for the year amounted to £67,000 (2019: £96,000).

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 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 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 £882,000 (2019: £882,000) from Black & Decker Europe. The companies will continue to make payments at this level until December 2022 when the arrangement will be reviewed.

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 2017 and updated at 31 December 2020 for the purposes of the Section 28 accounting and disclosure in these accounts.

Reconciliation of present value of plan liabilities:

	2020	2019
	£000	£000
Reconciliation of present value of plan liabilities		
At the beginning of the year	**444,000**	409,300
Interest cost	**8,700**	11,400
Actuarial (gains)/losses	**41,600**	44,400
Benefits paid	**(16,500)**	(21,100)
At the end of the year	**477,800**	444,000

19. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2020	2019
	£000	£000
At the beginning of the year	**428,738**	390,598
Current service cost	**(500)**	(300)
Interest income	**8,400**	10,900
Actuarial gains	**40,600**	45,400
Contributions	**3,240**	3,240
Benefits paid	**(16,500)**	(21,100)
At the end of the year	**463,978**	428,738

Composition of plan assets:

	2020	2019
	£000	£000
Equity securities	**90,940**	136,767
Debt securities	**316,897**	277,393
Other	**56,141**	14,578
Total plan assets	**463,978**	428,738

	2020	2019
	£000	£000
Pension liability	**(13,822)**	(15,262)
Net pension scheme liability	**(13,822)**	(15,262)

19. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2020 £000	2019 £000
Administration costs incurred during the period	**(500)**	(300)
Net finance expense on defined benefit pension	**(300)**	(500)
Total	**(800)**	(800)

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

	2020 %	2019 %
Discount rate	**1.45**	2.00
Pension increases for defined benefits	**2.45**	2.20
Mortality rates		
- for a male aged 65 now	**21.6**	21.5
- for a female aged 65 now	**23.5**	23.3

20. Commitments under operating leases

At 31 December 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Not later than 1 year	**1,109**	1,109
Later than 1 year and not later than 5 years	**4,402**	4,435
Later than 5 years	**3,041**	4,117
	8,552	9,661

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

21. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
16,789,573 (2019: 16,789,572) Ordinary shares of £1.00 each	**16,790**	16,790

22. Reserves

Other reserves

This reserve relates to historical capital contributions from fellow group companies. During the year this reserve was utilised to issue a bonus share at a premium.

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.

23. 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;

	2020 £000	2019 £000
Amounts owed by parent company	**167,390**	172,749
Amounts owed by group undertakings	**665**	7,158
Amounts owed to parent company	**(322,148)**	(319,820)
Amounts owed to group undertakings	**(751)**	(918)
Amounts owed to subsidiaries	**(46,532)**	(45,054)

24. Post balance sheet events

The EU-UK Trade and Cooperation Agreement, governing the trading arrangements between UK and EU, was signed on 30 December 2020. It applied provisionally from 1 January 2021 when the Brexit transition period ended before coming into force on 1 May 2021.

The directors consider that the new trading arrangements will have no significant negative effect on the company or its subsidiaries and no amendment to the figures in the accounts is therefore required. .

25. 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