

Berrington UK
Registered Number 03179466

Annual report and Financial statements for the year ended 31 December 2014



Berrington UK

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2014

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Berrington UK

OFFICERS AND PROFESSIONAL ADVISERS
for the year ended 31 December 2014

DIRECTORS

Mr. G Hudson
Mr. E Ufland
Mr. P Deakin

COMPANY SECRETARY

S&J Registrars Limited

REGISTERED OFFICE

99 Gresham Street
London
EC2V 7NG

INDEPENDENT AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom

Berrington UK
STRATEGIC REPORT
for the year ended 31 December 2014

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006. The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The company is an investment holding company.

Details of its subsidiary are listed in note 4.

KEY PERFORMANCE INDICATORS

The directors do not measure the performance of the company through Key Performance Indicators as the company is non-trading and holds investments.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The results of the business reflects its status as a holding company.

The only expense incurred is interest on part of an inter-company payable loan which resulted in a charge for the year of £4,720,000 (2013: £4,720,000).

During the year in order to facilitate the payment of a dividend, the company cancelled its share premium reserve so that this became distributable. The company received a dividend of £46,918,000 which it used to fund the payment of a dividend of the same value to its shareholder. At the date of this report, the directors are not aware of any likely major changes in the company's activities in the coming year.

RESULTS AND DIVIDENDS

The profit for the year after tax was £43,213,000 (2013: loss £3,623,000). The directors paid a dividend of £46,918,000 during the year but do not recommend the payment of a final dividend (2013: £nil).

FINANCIAL RISK MANAGEMENT POLICIES

The company's principal financial assets are amounts owed by group undertakings and investments. Consequently, the company has no external credit, price or liquidity risks.

PRINCIPAL RISKS AND UNCERTAINTIES

The main risk that the company's activities expose it to is the impairment of investments and recoverability of amounts owed by group companies. The company annually reviews its investments for any indicators of impairment and makes provision as necessary.



Mr. G Hudson

Director

6 March 2015

Berrington UK

DIRECTORS' REPORT
for the year ended 31 December 2014

The Directors present their annual report on the affairs of the company, together with the audited financial statements and independent auditor's report, for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a holding company.

GOING CONCERN

The company has an obligation to repay a loan on being given 30 days notice, as set out in note 6 to the financial statements. However, as the company has access to a group banking facility, it has sufficient cash resources to meet this potential obligation. This facility is due for renewal for a further 12 months in July 2015 and the company has no reason to believe that this will not be forthcoming. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, despite the current uncertain economic outlook. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

DIRECTORS AND THEIR INTERESTS

The directors, who served during the year and to the date of this report, are listed on page 3.

AUDITOR

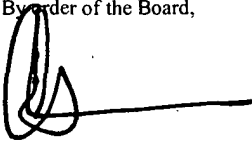
Each of the persons who is a director at the date of this report confirms that:

- 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as the auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board,



Mr. G Hudson

Director

date 6 March 2015

Berrington UK

DIRECTORS' RESPONSIBILITIES STATEMENT
for the year ended 31 December 2014

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with *United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)*. 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 and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- 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 proper adequate records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BERRINGTON UK

We have audited the financial statements of Berrington UK for the year ended 31 December 2014 which comprise the Profit and Loss account, the Balance Sheet and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

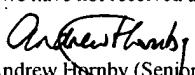
Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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.


Andrew Hornby (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom

09 March

2015

Berrington UK

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2014

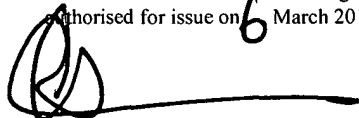
	Note	Continuing operations	
		For the year ended 31 December 2014 £'000	For the year ended 31 December 2013 £'000
Administrative expenses		-	-
OPERATING PROFIT		-	-
Dividend income - intercompany		46,918	-
Interest payable and similar charges - intercompany		(4,720)	(4,720)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	42,198	(4,720)
Tax credit on profit/ (loss) on ordinary activities	3	1,015	1,097
PROFIT/ (LOSS) FOR THE FINANCIAL YEAR	8	43,213	(3,623)

There were no recognised gains and losses in either year other than the results shown above. Accordingly, no statement of recognised gains and losses is presented.

Berrington UK
BALANCE SHEET
as at 31 December 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Investments	4	<u>689,015</u>	<u>689,015</u>
CURRENT ASSETS			
Debtors	5	1,015	1,097
CREDITORS: Amounts falling due within one year	6	(177,361)	(173,738)
NET CURRENT LIABILITIES		<u>(176,346)</u>	<u>(172,641)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		512,669	516,374
NET ASSETS		<u>512,669</u>	<u>516,374</u>
CAPITAL AND RESERVES			
Called up share capital	7	500	500
Share premium account	8	-	412,757
Capital contribution	8	237,750	237,750
Profit and loss account	8	<u>274,419</u>	<u>(134,633)</u>
SHAREHOLDER'S FUNDS	9	<u>512,669</u>	<u>516,374</u>

The financial statements of Berrington UK, registered number, 03179466 on pages 8 to 13 were approved by the board of directors and authorised for issue on 6 March 2015 and signed on its behalf by:



Mr. G Hudson
Director

Berrington UK

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2014

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

GOING CONCERN

The company has an obligation to repay a loan on being given 30 days notice, as set out in note 6 to the financial statements. However, as the company has access to a group banking facility, it has sufficient cash resources to meet this potential obligation. This facility is due for renewal for a further 12 months in July 2015 and the company has no reason to believe that this will not be forthcoming. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, despite the current uncertain economic outlook. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

GROUP FINANCIAL STATEMENTS

The company is exempt from the requirement to prepare consolidated financial statements as the company is included within the consolidated financial statements of Illinois Tool Works Inc., the financial statements of which have been prepared in a manner equivalent to the seventh EU Directive, having regard to UITF information sheet 79.

CASHFLOW STATEMENT

The company is a wholly owned subsidiary of Illinois Tool Works Inc. and is included in the consolidated financial statements of Illinois Tool Works Inc., which are publicly available. Consequently, the company has taken advantage of the exemption of preparing a cash flow statement under the terms of FRS1 (revised 1996).

TAXATION

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when on the basis of all available evidence it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on a non-discounted basis.

INVESTMENTS

Fixed asset investments are shown at cost, less any provision for impairment.

Berrington UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2014

2 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Audit fees are borne by another group company. The audit fee for the year, if allocated to the company, would be £4,000 (2013: £4,000).

The company had no employees during either financial year and the directors did not receive any remuneration from the company. Three directors (2013: three) are also directors of ITW Limited, a fellow group company. ITW Limited paid the directors £958,717 (2013: £491,817) of emoluments and the directors accrued benefits under a defined benefit scheme. The directors' emoluments have not been apportioned between each fellow group company for which the directors acted and the directors do not feel that any amount should be allocated as group recharges. The emoluments of the highest paid director were £434,070 (2013: £183,200) and the accrued pension entitlement under the company's defined benefit pension schemes of the highest paid director at 31 December 2014 was £23,963 (2013: £21,887).

3 TAX ON PROFIT/ (LOSS) ON ORDINARY ACTIVITIES

The corporation tax credit comprises:

	For the year ended 31 December 2014	For the year ended 31 December 2013
	£'000	£'000
Corporation tax	<u>(1,015)</u>	<u>(1,097)</u>
	<u>(1,015)</u>	<u>(1,097)</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/ (loss) before tax is as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2013
	£'000	£'000
Profit/ (loss) on ordinary activities before tax	<u>42,198</u>	<u>(4,720)</u>
Corporation tax at 21.5% (2013: 23.25%) on profit/ (loss) on ordinary activities before taxation	9,073	(1,097)
Income not taxable	<u>(10,087)</u>	<u>-</u>
	<u>(1,015)</u>	<u>(1,097)</u>

There is no un-provided deferred tax at either year end.

The Finance Act 2013, which provides for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013.

4 INVESTMENTS

Investments in subsidiary undertaking:

	£000
Cost - at 1 January 2014 and 31 December 2014	<u>789,715</u>
Provision for impairment - at 1 January 2014 and 31 December 2014	(100,700)
Net book value - 31 December 2013 and 31 December 2014	<u>689,015</u>

Principal subsidiary

The company owns 100% of the issued ordinary share capital of ITW Limited, which is registered in England and Wales. ITW Limited designs and manufactures an array of highly engineered fasteners and components, equipment and consumable systems and a variety of speciality products and equipment for customers around the world.

In the opinion of the directors the aggregate value of the company's investment consisting of share in or amounts owed by its subsidiaries and associates is not less than the aggregate amounts at which they are stated in the balances sheet.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2014

5 DEBTORS

	2014 £'000	2013 £'000
Corporation tax	1,015	1,097
	<u>1,015</u>	<u>1,097</u>

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Amounts owed to group undertaking	18,361	14,738
Amounts owed to group undertaking - non interest bearing unsecured loan notes	100,000	100,000
Amounts owed to group undertakings - 8% unsecured promissory note	59,000	59,000
	<u>177,361</u>	<u>173,738</u>

The 8% unsecured promissory note is repayable to ITW Holdings UK at any time after 30 days notice. However they have confirmed they will not seek to recall this amount in the foreseeable future.

7 CALLED-UP SHARE CAPITAL

	2014 £'000	2013 £'000
Authorised 100,000,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Called up, allotted and fully paid 500,001 ordinary shares of £1 each (2013: 500,001 ordinary shares of £1 each)	<u>500</u>	<u>500</u>

8 MOVEMENTS IN RESERVES

The movement on reserves during the year was as follows:

	Share Premium Account £'000	Capital Contribution £'000	Profit and Loss Account £'000	Total £'000
At 1 January 2014	412,757	237,750	(134,633)	515,874
Profit for the year	-	-	43,213	43,213
Dividend paid	-	-	(46,918)	(46,918)
Transfer to reserves	(412,757)	-	412,757	-
At 31 December 2014	<u>-</u>	<u>237,750</u>	<u>274,419</u>	<u>512,169</u>

Berrington UK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2014

9 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014	2013
	£'000	£'000
Profit / (loss) for the year	43,213	(3,623)
Dividend paid	(46,918)	-
Opening shareholder's funds	516,374	519,997
Closing shareholder's funds	512,669	516,374

10 ULTIMATE PARENT COMPANY AND RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary undertaking of ITW UK, a company incorporated in Great Britain and registered in England and Wales. The ultimate holding company and controlling party is Illinois Tool Works Inc., a company incorporated in Delaware, USA.

The only group in which the results of the company are consolidated is that headed by the Illinois Toolworks Inc. The consolidated financial statements of this group are available to the public and may be obtained from Illinois Tool Works Inc., 3600 West Lake Avenue, Glenview, Illinois, 60025, United States of America.

The group has taken advantage of the exemptions for disclosures of related party transactions available in Financial Reporting Standard No. 8 to wholly owned subsidiaries of companies with publicly available financial statements.

11 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available under FRS 8, Related Party Disclosures, from disclosing transactions with other members of the group headed by Illinois Tool Works Inc.