

**STANLEY SECURITY SOLUTIONS - EUROPE LTD**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

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## **STANLEY SECURITY SOLUTIONS - EUROPE LTD**

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# **STANLEY SECURITY SOLUTIONS - EUROPE LTD**

## **DIRECTORS AND ADVISORS**

### **DIRECTORS**

B Ginnever  
S Stubbs  
A Sood  
J Cowley  
M Cogzell (resigned 28 February 2014)

### **COMPANY SECRETARY**

S. Costello

### **COMPANY NUMBER**

00875534

### **REGISTERED OFFICE**

Stanley House  
Bramble Road  
Swindon  
Wiltshire  
SN2 8ER

### **INDEPENDENT AUDITORS**

Ernst & Young LLP  
The Paragon  
Counterslip  
Bristol  
BS1 6BX

## **STANLEY SECURITY SOLUTIONS - EUROPE LTD**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

The directors present their report and the audited financial statements for the year ended 31 December 2013.

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £1,347,000 (2012: loss £697,000). The directors do not recommend the payment of any dividends (2012: £nil) and the directors consider the financial position of the company at the year end to be satisfactory.

#### **DIRECTORS**

The directors who served during the year were:

B Ginnever  
A Sood  
J Cowley  
M Cogzell (resigned 28 February 2014)  
S Stubbs

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

#### **AUDITORS**

The company has passed an elective resolution in accordance with section 487 of the Companies Act 2006 dispensing with the requirement to appoint auditors annually and therefore Ernst & Young LLP will continue in office.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'A Sood', written over a horizontal line.

**A Sood**  
Director

Date: 28 July 2014

## **STANLEY SECURITY SOLUTIONS - EUROPE LTD**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013**

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 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 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **STANLEY SECURITY SOLUTIONS - EUROPE LTD**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

#### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The principal activity of the company continues to be a holding company for the Stanley Security Solutions - Europe group of companies.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The company's principal financial instruments comprise cash and 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 interest rate risk and liquidity risk.

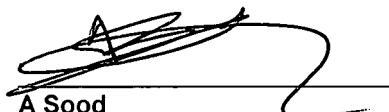
#### **INTEREST RATE AND LIQUIDITY RISK**

The company's exposure to interest rate risk is low and the company does not contract into any financial instruments to manage the effect of movements in interest rates. The company's policy is to maintain sufficient cash and borrowing facilities as required to support the operating activities of the business.

#### **GOING CONCERN**

Due to the principal activity of this company being a holding company, the fact that there are no principal risks and uncertainties and after receiving a letter of support from the ultimate parent and controlling party, Stanley Black & Decker Inc., the directors believe that the company will continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis when preparing the annual financial statements.

This report was approved by the board on 28 July 2014 and signed on its behalf.

  
**A Sood**  
Director

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF STANLEY SECURITY SOLUTIONS - EUROPE LTD**

We have audited the financial statements of Stanley Security Solutions - Europe Ltd for the year ended 31 December 2013, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 17. 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 set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 Strategic report and the Directors' 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 2013 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.

### **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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STANLEY SECURITY SOLUTIONS - EUROPE LTD (CONTINUED)**

**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.

*Ernst & Young LLP*

Briony Kempton (Senior Statutory Auditor)

for and on behalf of  
**Ernst & Young LLP**

Statutory Auditor,  
Bristol

*1 August 2014.*



## STANLEY SECURITY SOLUTIONS - EUROPE LTD

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £000	2012 £000
Administrative (expense)/income		(81)	34
<b>OPERATING (LOSS)/PROFIT</b>	4	(81)	34
Interest receivable and similar income	6	1	39
Impairment of investments	5	(530)	-
Interest payable and similar charges	7	(736)	(750)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,346)	(677)
Tax on loss on ordinary activities	8	(1)	(20)
<b>LOSS FOR THE FINANCIAL YEAR</b>	14	(1,347)	(697)

All of the company's results for the year were from continuing activities.

There is no material difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES


There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and Loss Account.

**STANLEY SECURITY SOLUTIONS - EUROPE LTD**  
**REGISTERED NUMBER: 00875534**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

	Note	£000	2013 £000	£000	2012 £000
<b>FIXED ASSETS</b>					
Tangible assets	9		2,148		2,215
Investments	10		45,105		45,635
			<u>47,253</u>		<u>47,850</u>
<b>CURRENT ASSETS</b>					
Debtors due within one year	11	4,337		9,054	
Cash at bank		-		267	
		<u>4,337</u>		<u>9,321</u>	
<b>CREDITORS: amounts falling due within one year</b>	12	<b>(19,213)</b>		<b>(23,447)</b>	
<b>NET CURRENT LIABILITIES</b>			<b>(14,876)</b>		<b>(14,126)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>32,377</b>		<b>33,724</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		1,582		1,582
Share premium account	14		3,450		3,450
Revaluation reserve	14		554		565
Other reserves	14		27,617		27,617
Profit and loss account	14		(826)		510
<b>SHAREHOLDERS' FUNDS</b>	15		<b>32,377</b>		<b>33,724</b>

The financial statements were approved and authorised for issue by the board on 28 July 2014 and signed on its behalf by:

  
A Sood  
Director

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with law and applicable accounting standards in the United Kingdom (United Kingdom Generally Accepted Accounting Practice). The principal accounting policies which have been continually followed are set out below.

Due to the principal activity of this company being a holding company, the fact that there are no principal risks and uncertainties and after receiving a letter of support from the ultimate parent and controlling party, Stanley Black & Decker Inc., the directors believe that the company will continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis when preparing the annual financial statements.

**1.2 Group accounts, cash flow statement and related party disclosures**

During the year the company was a wholly owned subsidiary of Stanley Black and Decker, Inc. The company is included in the consolidated financial statements of Stanley Black and Decker, Inc. which are publicly available (see note 17). Consequently, the company is exempt in accordance with section 401 of Companies Act 2006 from the requirement to prepare group accounts. These financial statements therefore contain information about the company only.

The company has also taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that during the year were wholly owned and part of the Stanley Black and Decker, Inc Group or investees of the Stanley Black and Decker, Inc Group.

**1.3 Pensions**

The company participates in a defined benefit pension scheme, the Stanley Black & Decker UK Pension Plan. This is funded and the assets of the scheme are held separately from those of the company in separate trustee administered funds. The company's contributions are affected by the surplus/deficit in the scheme. However, it is not possible to identify the company's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Therefore, in accordance with FRS 17 multi-employer exemption, the scheme is accounted for as if it were a defined contribution scheme.

**1.4 Tangible fixed assets and depreciation**

The company's freehold land and buildings were valued on the basis of open market value for existing use in 1982 and 1986. The company has followed the transitional provision of FRS15 'Tangible Fixed Assets' to retain the book value of revalued property but not to adopt a policy of revaluation for the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS11.

Depreciation is calculated so as to write down the cost of tangible fixed assets to their residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold buildings	2%
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**1.5 Investments**

Investments in subsidiary undertakings are shown at cost less provision for any impairment in value.

## STANLEY SECURITY SOLUTIONS - EUROPE LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

#### 1. ACCOUNTING POLICIES (continued)

##### 1.6 Taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- deferred tax assets are recognised only to the extent that the directors consider that it is 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 an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### 2. ACCOUNTING PERIOD

The financial period, referred to in the financial statements as 'the year', is taken to end on the nearest Saturday to 31 December.

#### 3. DIRECTORS EMOLUMENTS

The directors of the company are also directors of the holding company and fellow subsidiaries. All of the directors' remuneration was paid by other group companies. Although the directors did carry out qualifying services for the company, they do not believe that it is practical to apportion their remuneration between the company, the holding company and fellow subsidiary companies. The aggregate directors emoluments in respect of qualifying services for the year was £878,000 (2012: £911,000).

The directors are the only employees of the company.

#### 4. OPERATING (LOSS)/PROFIT

is stated after charging/(crediting):

	2013 £000	2012 £000
Depreciation of owned tangible fixed assets	67	67
Exchange loss/(gain) arising from foreign currency transactions	77	(38)
	<u>        </u>	<u>        </u>

The company has no employees. Audit fees for the year were borne by Stanley Security Solutions Limited, a wholly owned subsidiary within the Stanley Black & Decker Group.

# STANLEY SECURITY SOLUTIONS - EUROPE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### 5. IMPAIRMENT OF INVESTMENTS

Having performed a review of the carrying value of investments in subsidiaries at 31 December 2013, the directors have identified an impairment of £530,000 in relation to the carrying value of Stanley Healthcare Solutions France SARL.

### 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £000	2012 £000
Interest receivable from group undertakings	1	-
Bank interest receivable	-	39
	<u>1</u>	<u>39</u>

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £000	2012 £000
Interest payable to group undertakings	<u>736</u>	<u>750</u>

### 8. TAXATION ON LOSS ON ORDINARY ACTIVITIES

#### (a) Tax charge for the period

The tax charge is made up as follows:

	2013 £000	2012 £000
<b>Analysis of tax credit in the year</b>		
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>1</u>	<u>20</u>
<b>Tax on loss on ordinary activities</b>	<u>1</u>	<u>20</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

8. TAXATION ON LOSS ON ORDINARY ACTIVITIES (continued)

(b) Tax reconciliation

The tax assessed on the loss on ordinary activities before taxation for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are reconciled below:

	2013 £000	2012 £000
Loss on ordinary activities before tax	(1,346)	(677)
Loss on ordinary activities multiplied by rate of corporation tax of 23.25% (2012: 24%)	(313)	(166)
Effects of:		
Non-tax deductible impairment	123	-
Expenses not deductible for tax purposes	34	16
Group relief surrendered for nil payment	147	368
Transfer pricing adjustments	9	(218)
Current tax charge for the year	-	-
(c) Deferred tax asset	2013 £000	2012 £000
Decelerated capital allowances	7	8
Deferred tax asset (note 11)	7	8

The company has an unrecognised deferred tax asset of £131,326 (2012: £151,025) relating to capital losses. This has been calculated at the 20% corporation tax rate that was substantively enacted at the balance sheet date (2012: 23%). A deferred tax asset has not been recognised in respect of these losses as its recoverability is dependent on future capital gains arising in the group.

(d) Factors that may affect future tax charges

Announcements were made during the year by the Chancellor of the Exchequer of proposed changes to corporation tax rates which will have an effect on the future tax charge of the company. Reductions in the corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2014 have been announced and were enacted on 17 July 2013.

# STANLEY SECURITY SOLUTIONS - EUROPE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### 9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000
<b>Cost or valuation</b>	
At 1 January 2013 and 31 December 2013	3,643
<b>Depreciation</b>	
At 1 January 2013	1,428
Charge for the year	67
At 31 December 2013	1,495
<b>Net book value</b>	
At 31 December 2013	2,148
At 31 December 2012	2,215

There were no capital commitments contracted for but not provided for at 31 December 2013 (2012: £nil).

### 10. INVESTMENTS

	Shares in subsidiary undertakings £000
<b>Cost or valuation</b>	
At 1 January 2013 and 31 December 2013	45,961
<b>Impairment</b>	
At 1 January 2013	326
Impairment in the year	530
At 31 December 2013	856
<b>Net book value</b>	
At 31 December 2013	45,105
At 31 December 2012	45,635

Having performed a review of the carrying amount of the investments at 31 December 2013 the Directors have identified an impairment of £530,000 in relation to the carrying value of Stanley Healthcare Solutions France SARL.

A list of the significant investments in subsidiaries at 31 December 2013, including name and country of incorporation, is given below. All subsidiaries are 100% owned.

# STANLEY SECURITY SOLUTIONS - EUROPE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### 10. INVESTMENTS (continued)

The investments represent the net book value of ordinary shares in the following wholly owned subsidiaries:

Name of company	Country of Incorporation	Class of shares held	Number	% held	Nature of business
<b>Directly owned</b>					
Blick Telefusion Communications Limited	England and Wales	Ordinary £1 shares	18,000,000	100%	Dormant
Stanley Healthcare Solutions France SARL (formerly Blick France SARL)	France	Ordinary €100 shares	10,000	100%	Communication solutions

At 31 December 2013, all of the above companies were 100% owned and controlled by Stanley Security Solutions - Europe Ltd. Not all subsidiary undertakings are disclosed above in accordance with section 409 of the Companies Act 2006. This is due to the number of wholly owned dormant companies.

### 11. DEBTORS DUE WITHIN ONE YEAR

	2013 £000	2012 £000
Amounts owed by group undertakings	4,330	9,046
Deferred tax	7	8
	<u>4,337</u>	<u>9,054</u>
<b>Deferred tax asset</b>	<b>2013 £000</b>	<b>2012 £000</b>
At 1 January	8	28
Origination and reversal of timing differences	(1)	(20)
<b>At 31 December</b>	<u><b>7</b></u>	<u><b>8</b></u>

### 12. CREDITORS: Amounts falling due within one year

	2013 £000	2012 £000
Amounts owed to group undertakings	19,213	23,389
Accruals	-	58
	<u>19,213</u>	<u>23,447</u>



# STANLEY SECURITY SOLUTIONS - EUROPE LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### 13. SHARE CAPITAL

	2013 £000	2012 £000
<b>Allotted, called up and fully paid</b>		
31,637,692 Ordinary shares of £0.05 each	<u>1,582</u>	<u>1,582</u>

### 14. RESERVES

	Share premium account £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000
At 1 January 2013	3,450	565	27,617	510
Loss for the year	-	-	-	(1,347)
Revaluation surplus realised	-	(11)	-	11
At 31 December 2013	<u>3,450</u>	<u>554</u>	<u>27,617</u>	<u>(826)</u>

### 15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £000	2012 £000
Opening shareholders' funds	33,724	34,421
Loss for the year	<u>(1,347)</u>	<u>(697)</u>
Closing shareholders' funds	<u>32,377</u>	<u>33,724</u>

### 16. PENSION COMMITMENTS

The Stanley Black and Decker UK group operates one defined benefit scheme, the Stanley Black and Decker UK Pension Plan. The Stanley Black and Decker UK group is unable to separately identify its share of the underlying assets and liabilities on a consistent and reasonable basis. As a result The Stanley Works Ltd, a fellow associate within the Stanley UK group and the company with the greatest share of the existing schemes assets and liabilities, has adopted the FRS 17 disclosure requirements and the scheme is subsequently accounted for as a defined contribution scheme within these accounts in accordance with the provisions of FRS 17.

The charge to the profit and loss account for 2013 was £nil (2012: £nil).

Full particulars of the actuarial valuation of the scheme are contained in the financial statements of The Stanley Works Ltd.

## **STANLEY SECURITY SOLUTIONS - EUROPE LTD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

#### **17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's immediate parent undertaking is SWK (UK) Limited, which is incorporated in the England and Wales.

The ultimate holding company and the ultimate controlling party of the group of undertakings for which group financial statements are drawn up and of which the company is a member is Stanley Black & Decker, Inc., incorporated in the United States of America. Stanley Black & Decker Inc. is the parent undertaking of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements of Stanley Black & Decker, Inc may be obtained from Stanley Black & Decker, Inc, 1000 Stanley Drive, New Britain, Connecticut 06053, USA.