Registered number: SC313377

CRC-EVANS OFFSHORE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

CRC-EVANS OFFSHORE LIMITED

COMPANY INFORMATION

Directors	A Wynne Hughes C Allen
Company secretary	S Costello
Registered number	SC313377
Registered office	C/O CMS Cameron McKenna Nabarro Olswang LLP 6 Queens Road Aberdeen Scotland AB15 4ZT
Independent auditors	UHY Hacker Young Manchester LLP Statutory Auditor 79 Oxford Street Manchester M1 6HT

CRC-EVANS OFFSHORE LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Business review

2019 was again a challenging year for CRC-Evans Offshore as the current oil price remains low, which, together with increased competition, continues to reduce market opportunities. The strategic objectives of the company were reviewed in order to consider opportunities, within the group, to consolidate costs and streamline business processes. Consequently, it was concluded that, although off-shore welding continues to generate revenue and is a viable product line, the cost of supporting the stand alone facilities in Alness and Invergordon through this entity is not sustainable in the long term. In the light of this decision these facilities were closed on 28 June 2019 and the future delivery of offshore welding will continue from Zeewolde, Holland through a sister company. After this date the company will continue to fulfil its existing contracts and then provide field work services to Zeewolde.
As a consequence of the decision to close the company's Scottish facilities on 28 June 2019 there were a number of costs which ensued.

In addition to the exceptional costs recognised in 2018 further costs were incurred due the restructuring in 2019. In total costs of £1,076,612 were incurred in this respect and these are explained in note 9.

Principal risks and uncertainties

The principal risks facing the company are broadly grouped as liquidity, credit, and currency risk. 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 outlined below.

Liquidity risk

The company policy is to ensure that sufficient liquidity is available to meet the foreseeable needs and to invest cash assets safely in a profitable way. Liquidity is achieved by overdraft and intercompany cashpool position.

Credit risk

The company policy is to minimise exposure to losses from defaulting customers. Credit terms are only granted to customers who satisfy credit worthiness procedures and in certain market sectors where appropriate credit insurance can be obtained. Credit limits are reviewed by finance department staff on a regular basis in conjunction with the debt ageing and collection history.

Currency risk

The company policy is to reduce currency exposure for particular projects by using the same currency for purchasing and selling the materials.

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.

Brexit

The full business and trading implications of Brexit continue to remain uncertain. Risks arising from the eventual Brexit outcome will continue to be a key focus area for management in the next financial year. Currency fluctuations, trading arrangements, consumer impact and employment issues that become apparent over time will be monitored by management and mitigation put in place where possible.

Financial key performance indicators

The key financial performance indicators are turnover and gross profit percentage. Turnover has increased to £15,182,410 in 2019 from £12,758,816 in 2018 while the gross profit margin has increased to 4.58% in 2019 from 0.68% in 2018.

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 31st December 2019.

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

Consequences of any decision in the long term

The Board of Directors monitor and review strategic objectives, against long term growth plans. Regular reviews are held across key business areas including; financial performance, risks and opportunities, Health & Safety, Human Resources and operations. The company's performance and progress are reviewed regularly at department and board meetings.

Interests of the company's employees

Employees are the Company's main asset and their health and safety is the company's number 1 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.

Business relationships with suppliers, customers and others

We recognise the importance that stakeholders outside the business such as customers and 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 and customers.

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 18 December 2020 and signed on its behalf.

C Allen
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

The principal activity is to provide advanced offshore pipeline construction guidance. This is achieved by the provision of the highest quality turnkey solutions ranging from fabrications to project management, directly contributing to maximising client productivity and efficiency.

Results and dividends

The loss for the year, after taxation, amounted to £1,664,158 *(2018 - loss £4,362,001)*.

Directors

The directors who served during the year were:

A Wynne Hughes
C Allen

Future developments

After the closure of its facilities in Scotland the company will continue to fulfil its existing contracts and then provide field work services to Zeewolde.

Financial instruments

The company's principal financial instruments comprise cash and loans with fellow group undertakings to finance its normal operations.

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, subjects 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.

The pandemic Covid-19 has given rise to considerable volatility in the world economy. However, Stanley Black & Decker believes that it is in a strong financial position and has sufficient flexibility to navigate the current difficulties. The conclusion is supported by the following factors relating to the ultimate holding company and group:

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

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

In the light of the Covid-19 the directors have considered whether any adjustments are required to the amounts reported in the financial statements. As at 31 December 2019 no global pandemic had been declared and there were only two cases of Covid-19 in the UK. There were a few hundred cases in China at that date but few deaths. Subsequent to the balance sheet date the World health Organisation declared a pandemic on 11 March and the UK government announced social distancing measures on 16 March and a "lockdown" on 23 March.

At the balance sheet date there was no disruption to the company and the subsequent impact of Covid-19, both in terms of the virus itself and the government actions was unprecedented and could not have been reasonably predicted. The directors consider it to be a non-adjusting event and have concluded that no adjustments are therefore required to the financial statements. The directors recognise that the impact on the future profitability is difficult to estimate and have obtained a letter of support from the ultimate parent.

This report was approved by the board on 18 December 2020 and signed on its behalf.

C Allen
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF CRC – EVANS OFFSHORE LIMITED

Opinion

We have audited the financial statements of CRC – Evans Offshore Limited (the 'company') for the year ended 31 December 2019 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 preparation 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 a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of 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 the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report 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 set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

UHY Hacker Young

Stephen Grayson FCCA (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young Manchester LLP

18|12|2020

Chartered Accountants
Statutory Auditor

St James Building
79 Oxford Street
Manchester
M1 6HT

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	*2018* *£*
Turnover	4	**15,182,410**	*12,758,816*
Cost of sales		**(14,486,456)**	*(12,672,391)*
Gross profit		**695,954**	*86,425*
Exceptional costs	9	**(1,076,612)**	*(1,763,197)*
Administrative expenses		**(1,516,550)**	*(2,323,593)*
Operating loss	5	**(1,897,208)**	*(4,000,365)*
Interest receivable and similar income	10	**175**	*-*
Interest payable and expenses	11	**(28,444)**	*(72,948)*
Loss before tax		**(1,925,477)**	*(4,073,313)*
Tax on loss	12	**261,319**	*(288,688)*
Loss for the year		**(1,664,158)**	*(4,362,001)*
Other comprehensive income/(expense) for the year			
Total comprehensive income/(expense) for the year		**(1,664,158)**	*(4,362,001)*

The notes on pages 13 to 29 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 £		2018 £
Fixed assets					
Tangible assets	13		667,765		*2,171,244*
			667,765		*2,171,244*
Current assets					
Stocks	14	24,500		*1,598,858*	
Debtors: amounts falling due within one year	15	13,652,712		*19,185,797*	
Cash at bank and in hand	16	-		*434,764*	
		13,677,212		*21,219,419*	
Creditors: amounts falling due within one year	17	(2,072,326)		*(9,238,620)*	
Net current assets			11,604,886		*11,980,799*
Total assets less current liabilities			12,272,651		*14,152,043*
Provisions for liabilities					
Other provisions	18	(230,000)		*(445,234)*	
			(230,000)		*(445,234)*
Net assets			12,042,651		*13,706,809*
Capital and reserves					
Called up share capital	19		100		*100*
Profit and loss account	20		12,042,551		*13,706,709*
			12,042,651		*13,706,809*

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

CAllen

C Allen
Director

Date: 18 December 2020

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	100	13,706,709	13,706,809
Comprehensive expense for the year			
Loss for the year	-	(1,664,158)	(1,664,158)
Total comprehensive expense for the period	-	(1,664,158)	(1,664,158)
At 31 December 2019	100	12,042,551	12,042,651

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	100	18,068,710	18,068,810
Comprehensive expense for the year			
Loss for the year	-	(4,362,001)	(4,362,001)
Total comprehensive expense for the year	-	(4,362,001)	(4,362,001)
At 31 December 2018	100	13,706,709	13,706,809

The notes on pages 13 to 29 form part of these financial statements.

1. General information

CRC Evans Offshore Limited is a limited by shares company incorporated in the United Kingdom. The registered office is C/O CMS Cameron McKenna Nebarro Olswang LLP, 6 Queens Road, Aberdeen, Scotland, AB15 4ZT.

2. Accounting policies

2.1 Basis of preparation of financial statements

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 UK 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 3).

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

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.

The pandemic Covid-19 has given rise to considerable volatility in the world economy. However, Stanley Black & Decker believes that it is in a strong financial position and has sufficient flexibility to navigate the current difficulties. The conclusion is supported by the following factors relating to the ultimate holding company and group:

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

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

2. Accounting policies (continued)

2.2 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 28 December 2019 and these financial statements may be obtained from 1000 Stanley Drive, New Britain, CT 06053.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is pounds sterling.

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 Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2. Accounting policies (continued)

2.4 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.

Where the company acts as an agent rather than principal on a contract the margin only is accounted for and not the gross revenue and costs of sale.

2.5 Operating leases: the Company as lessee/lessor

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

Where equipment is rented at an agreed daily rate the charge/credit to the Statement of comprehensive income reflects the costs/revenue for the use of the asset during the year.

2.6 Interest income

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

2.7 Finance costs

Finance costs are charged to the Statement of comprehensive income 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.

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

In addition, the company contributes to personal pension plans for some employees. The contributions are recognised as an expense as they fall due.

2.9 Taxation

Tax is recognised in the Statement of comprehensive income, 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 balance sheet 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 Balance sheet 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 balance sheet date.

2.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2. Accounting policies (continued)

2.11 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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:

Freehold land	- 0%
Long-term leasehold property	- 20%
Plant and machinery	- 20-30%
Office equipment	- 33%
Computer equipment	- 33%
Rental assets	- 6-15%

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.12 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2. Accounting policies (continued)

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 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.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of the estimation means that actual outcomes could differ from those estimates.

Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

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 effect of future tax planning strategies.

Project revenue recognition

Where a service contract is only partially completed at the balance sheet date, turnover represents the value of the service provided to date based on contractual milestones or an estimate of the proportion of the contract that is complete. Invoices are raised to customers in line with contractual performance.

4. Turnover

Analysis of turnover by country of destination:

	2019 £	*2018 £*
United Kingdom	**434,991**	*2,982,882*
Rest of Europe	**1,870,972**	*2,420,649*
Rest of the world	**12,876,447**	*7,355,285*
	15,182,410	*12,758,816*

5. Operating profit/(loss)

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

	2019 £	*2018 £*
Depreciation of tangible fixed assets	**311,686**	*791,493*
Exceptional costs	**1,076,612**	*1,763,197*
Exchange loss/(gain)	**(16,395)**	*(456,813)*
Defined contribution pension cost	**312,823**	*212,090*

6. Auditors' remuneration

	2019 £	*2018 £*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	16,000	*20,700*
	16,000	*20,700*

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

	2019 £	*2018 £*
Other services relating to taxation	3,600	*3,600*
	3,600	*3,600*

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	*2018 £*
Wages and salaries	5,503,394	*5,636,217*
National insurance	605,061	*683,662*
Cost of defined contribution scheme	322,130	*212,090*
	6,430,585	*6,531,969*

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

	2019 No.	*2018 No.*
Production	48	*72*
Admin	14	*22*
	62	*94*

8. Directors' remuneration

Directors' remuneration was paid by fellow group companies as the Directors of the company are also directors of other group undertakings.

	2019 £	*2018* *£*
Directors' emoluments	603,632	*795,219*
Company contributions to defined contribution pension schemes	48,192	*22,808*
	651,824	*818,027*

The highest paid director received remuneration of £536,306 *(2018 - £337,858)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £48,192 *(2018 - £NIL)*.

9. Exceptional costs

The closure of the Scottish facilities on 28 June 2019 and the restructuring surrounding this event led to a number of costs being incurred in the year.

In total the exceptional costs of restructuring amounted to £1,076,612 and were made up of staff costs of £804,754, dilapidation costs in relation to vacated properties £200,000, and £71,858 costs of equipment relocation.

These exceptional costs have been charged to the statement of comprehensive income and have increased the tax available to the company and the group.

10. Interest receivable

	2019 £	*2018* *£*
Interest receivable from group companies	175	-
	175	-

11. Interest payable and similar expenses

	2019 £	*2018* *£*
Interest payable to group companies	28,444	*72,948*
	28,444	*72,948*

12. Taxation

	2019 £	*2018 £*
Corporation tax		
Adjustments in respect of previous periods	63,075	-
	63,075	-
Foreign tax		
Foreign tax in respect of prior periods	(324,394)	*28,594*
	(324,394)	*28,594*
Total current tax	(261,319)	*28,594*
Deferred tax		
Origination and reversal of timing differences	-	*260,094*
Total deferred tax	-	*260,094*
Taxation on profit/(loss) on ordinary activities	(261,319)	*288,688*

12. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than *(2018 - higher than)* the standard rate of corporation tax in the UK of 19% *(2018 - 19%)*. The differences are explained below:

	2019 £	*2018* *£*
(Loss) on ordinary activities before tax	**(1,925,477)**	*(4,073,313)*
(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	**(365,841)**	*(773,929)*
Effects of:		
Expenses not deductible for tax purposes	**17,847**	*228,604*
Capital allowances in excess of depreciation	**221,583**	*67,924*
Derecognition of deferred tax asset	**-**	*260,094*
Group relief surrendered	**310,233**	*378,129*
Adjustments in respect of prior periods	**(488,040)**	*(18,997)*
Other timing differences	**42,899**	*84,597*
Use of losses	**-**	*62,266*
Total tax charge for the year	**(261,319)**	*288,688*

13. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Office equipment £	Rental assets £
Cost or valuation					
At 1 January 2019	911,490	743,337	184,461	315,889	5,532,949
Additions	-	-	-	-	26,893
Disposals	-	(743,337)	(184,461)	(315,889)	(4,751,369)
At 31 December 2019	911,490	-	-	-	808,473
Depreciation					
At 1 January 2019	661,490	709,212	158,028	276,658	3,711,494
Charge for the year on owned assets	-	34,125	2,658	23,950	250,953
Disposals	-	(743,337)	(160,686)	(300,608)	(3,571,739)
At 31 December 2019	661,490	-	-	-	390,708
Net book value					
At 31 December 2019	250,000	-	-	-	417,765
At 31 December 2018	*250,000*	*34,125*	*26,433*	*39,231*	*1,821,455*

13. Tangible fixed assets (continued)

	Total £
Cost or valuation	
At 1 January 2019	**7,688,126**
Additions	**26,893**
Disposals	**(5,995,056)**
At 31 December 2019	**1,719,963**
Depreciation	
At 1 January 2019	**5,516,882**
Charge for the year on owned assets	**311,686**
Disposals	**(4,776,370)**
At 31 December 2019	**1,052,198**
Net book value	
At 31 December 2019	**667,765**
At 31 December 2018	*2,171,244*

14. Stocks

	2019 £	2018 £
Work in progress	24,500	1,598,858
	24,500	1,598,858

15. Debtors

	2019 £	2018 £
Trade debtors	1,863,329	1,852,305
Amounts owed by group undertakings	10,676,505	13,555,876
Other debtors	182,337	217,103
Prepayments and accrued income	252,039	2,466,510
Amounts recoverable on long term contracts	678,502	1,094,003
	13,652,712	19,185,797

16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	-	434,764
	-	434,764

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	441,555	877,928
Amounts owed to group undertakings	684,105	6,512,367
Corporation tax	-	373,616
Taxation and social security	480,729	687,663
Accruals	465,937	787,046
	2,072,326	9,238,620

18. Provisions

	Onerous leases £	Dilapidations £	Total £
At 1 January 2019	445,234	-	445,234
Charged to profit or loss	-	200,000	200,000
Utilised in year	(415,234)	-	(415,234)
At 31 December 2019	30,000	200,000	230,000

Offices and workshops at Allness and Invergorden were vacated as part of a restructuring of the business on 28 June 2019. At this point the leases were considered to have become onerous.

19. Share capital

	2019 £	*2018 £*
Allotted, called up and fully paid		
100 *(2018: 100)* Ordinary shares of £1.00 each	100	*100*

20. Reserves

Profit and loss account

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

21. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	*2018* *£*
Land and buildings		
Not later than 1 year	**30,000**	*190,076*
Later than 1 year and not later than 5 years	-	*354,375*
Total	**30,000**	*544,451*

	2019 £	*2018* *£*
Other		
Not later than 1 year	-	*7,402*
Total	-	*7,402*

22. Related party transactions

During the year the company entered into transactions with fellow group companies giving rise to balances outstanding to and from the company. Balances outstanding at 31 December are as follows;

	2019	*2018*
	£	*£*
Amounts owed by parent company	**71,435**	*354,853*
Amounts owed by other group undertakings	**10,605,070**	*13,201,023*
Amounts owed to other group undertakings	**(659,456)**	*(6,128,015)*
Amounts owed to parent	**(24,649)**	*(384,352)*

23. Post balance sheet events

In the light of the Covid-19 the directors have considered whether any adjustments are required to the amounts reported in the financial statements. As at 31 December 2019 no global pandemic had been declared and there were only two cases of Covid-19 in the UK. There were a few hundred cases in China at that date but few deaths. Subsequent to the balance sheet date the World health Organisation declared a pandemic on 11 March and the UK government announced social distancing measures on 16 March and a "lockdown" on 23 March.

At the balance sheet date there was no disruption to the company and the subsequent impact of Covid-19, both in terms of the virus itself and the government actions was unprecedented and could not have been reasonably predicted. The directors consider it to be a non-adjusting event and have concluded that no adjustments are therefore required to the financial statements. The directors recognise that the impact on the future profitability is difficult to estimate and have obtained a letter of support from the ultimate parent.

24. Controlling party

The company's immediate parent undertaking is CRC-Evans Pipeline International, Inc, a company incorporated in the United States. 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 the Stanley Black & Decker, Inc. Consolidated accounts are available from Stanley Black & Decker, Inc. at the address below:

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