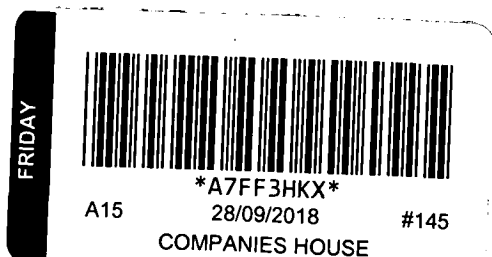


Registered number: 07059991

**STANLEY BLACK & DECKER UK LIMITED**

**STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**For the Year Ended 31 December 2017**



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**STANLEY BLACK & DECKER UK LIMITED**

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**Company Information**

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**Directors**                      A. Sood (resigned 9 May 2018)  
   M. Smiley  
   E. Brennan (appointed 9 May 2018)

**Secretary**                      Mitre Secretaries Limited

**Registered in England**                      07059991

**Registered office**                      210 Bath Road  
   Slough  
   Berkshire  
   SL1 3YD

**Auditor**                      Ernst & Young LLP  
   Bridgewater Place  
   Water Lane  
   Leeds  
   LS11 5QR

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**STANLEY BLACK & DECKER UK LIMITED**

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## STANLEY BLACK & DECKER UK LIMITED

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### Strategic Report For the year ended 31 December 2017

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#### Business review

The Directors consider the results for the year to be satisfactory and reflective of current economic conditions in the UK.

On 9 March 2017 the company acquired the stock and assets pertaining to the tools business of Newell Rubbermaid Limited, Newell Rubbermaid UK Services Limited, and Fine Writing Pens of London Limited.

The increase in turnover of £30.1 million (11.7%) was predominantly driven by the Newell acquisition which generated an additional £23.5 million of sales. The remaining increase was due to organic growth.

The company's key performance indicators during the year were as follows;

	2017	2016
	£000	£000
Turnover	288,070	257,938
Operating profit	7,331	8,322
Profit after tax	7,041	9,183

#### Principal risks and uncertainties

The principal risks and uncertainties facing the company are broadly grouped as competitive, liquidity and refinancing, market and interest rate risks.

##### *Competitive risks*

The market comprises of a large number of branded and nonbranded competitors. Management continually assesses Stanley Black & Decker's competitive position and takes appropriate action to ensure that the company considers its customer needs and the changing requirements in the marketplace.

##### *Liquidity and refinancing risk*

The company's operations and loans are financed by short term debt instruments. Management regularly reviews the funding position to ensure that adequate facilities are in place.

##### *Market and interest rate risk*

The company does not use hedging instruments to hedge interest rate risk as the Directors consider that they will be able to renegotiate the company's loan portfolio within an acceptable timescale so as to minimize the impact of any significant change in interest rates.

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



**E. Brennan**  
Director

Date: 28 September 2018

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## STANLEY BLACK & DECKER UK LIMITED

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### Directors' Report For the Year Ended 31 December 2017

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The Directors present their report and the financial statements for the year ended 31 December 2017.

#### Principal activity

The principal activities of the company are the marketing, sale and distribution of hand tools, power tools and related accessories through third party distribution.

#### Results

The profit for the year, after taxation, amounted to £7,041,000 (2016 - £9,183,000).

#### Dividends

Dividends paid in the year amount to £10,000,000 (2016: £15,000,000).

#### Directors

The Directors who served during the year were:

A. Sood (resigned 9 May 2018)  
M. Smiley

#### Future developments

The Directors aim to maintain current management policies.

#### Financial Instruments

Details of financial instruments are provided in the Strategic Report.

#### Going concern

The directors have reviewed the current year trading and available financing for a period of 12 months from approval of these financial statements and conclude that the company is able to meet all of its liabilities as they fall due. Accordingly, they have adopted the going concern basis in preparing the annual report and accounts.

#### Employee involvement

The company places great value on its employees and their involvement in aspects of the company's business. The company has continued its established practice of keeping employees fully informed on matters which affect them, including the performance of the company. This is achieved through a variety of regular formal and informal meetings, briefings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Further involvement is being encouraged through the continuing development of cross functional working groups.

#### Disabled employees

The company's policy and practice is to encourage and assist the employment and continued training of disabled people and to retain employees who become disabled.

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**STANLEY BLACK & DECKER UK LIMITED**

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**Directors' Report (continued)  
For the Year Ended 31 December 2017**

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**Qualifying third party indemnity provisions**

The company benefits from a global indemnity policy which protects its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

**Disclosure of information to auditor**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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



E. Brennan  
Director

Date: 28 September 2018

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## STANLEY BLACK & DECKER UK LIMITED

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### Directors' Responsibilities Statement For the year ended 31 December 2017

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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 MEMBERS OF STANLEY BLACK & DECKER UK LIMITED

### Opinion

We have audited the financial statements of Stanley Black & Decker UK Limited for the year ended 31 December 2017 which comprise Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 25, 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 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 company's affairs as at 31 December 2017 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.

### 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 below. 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.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STANLEY BLACK & DECKER UK LIMITED - CONTINUED

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 the 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 directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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 4, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STANLEY BLACK & DECKER UK  
LIMITED - CONTINUED

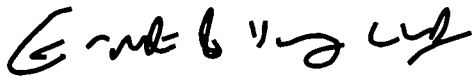
**Auditor's responsibilities for the audit of the financial statements**

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 <https://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.



Eddie Diamond (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Leeds  
28 September 2018

**STANLEY BLACK & DECKER UK LIMITED**

**Income Statement  
For the year ended 31 December 2017**

	Note	2017 £000	2016 £000
Turnover	3	288,070	257,938
Cost of sales		(246,426)	(213,792)
<b>Gross profit</b>		<b>41,644</b>	<b>44,146</b>
Distribution costs		(27,661)	(26,299)
Administrative expenses		(6,652)	(9,525)
<b>Operating profit</b>	4	<b>7,331</b>	<b>8,322</b>
Interest receivable and similar income	8	13	80
Interest payable and similar expenses	9	(28)	(149)
<b>Profit on ordinary activities before taxation</b>		<b>7,316</b>	<b>8,253</b>
Tax on profit	10	(275)	930
<b>Profit for the financial year</b>		<b>7,041</b>	<b>9,183</b>

**Statement of Comprehensive Income  
For the year ended 31 December 2017**

	2017 £000	2016 £000
Profit for the financial year	7,041	9,183
<b>Total comprehensive income for the year</b>	<b>7,041</b>	<b>9,183</b>

**STANLEY BLACK & DECKER UK LIMITED**  
Registered number: 07059991

**Statement of Financial Position**  
**As at 31 December 2017**

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Intangible assets	12	9,143	2,814
Tangible assets	13	26,838	8,835
Investments	14	2,626	2,626
		<u>38,607</u>	<u>14,275</u>
<b>Current assets</b>			
Stocks	15	136	82
Debtors: amounts falling due after more than one year	16	1,324	3,019
Debtors: amounts falling due within one year	16	110,874	145,458
Cash at bank and in hand	17	5,002	5,433
		<u>117,336</u>	<u>153,992</u>
Creditors: amounts falling due within one year	18	(144,477)	(153,842)
<b>Net current assets/(liabilities)</b>		<u>(27,141)</u>	<u>150</u>
<b>Total assets less current liabilities</b>		<u>11,466</u>	<u>14,425</u>
<b>Net assets</b>		<u><u>11,466</u></u>	<u><u>14,425</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	4,646	4,646
Profit and loss account	21	6,820	9,779
		<u>11,466</u>	<u>14,425</u>

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



**E. Brennan**  
Director

Date: 28 September 2018

The notes on pages 11 to 30 form part of these financial statements.

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**STANLEY BLACK & DECKER UK LIMITED**

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**Statement of Changes in Equity  
For the Year Ended 31 December 2017**

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	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2017	4,646	9,779	14,425
<b>Comprehensive income for the year</b>			
Profit for the year	-	7,041	7,041
<b>Total comprehensive income for the year</b>	-	7,041	7,041
Dividends: Equity capital	-	(10,000)	(10,000)
<b>At 31 December 2017</b>	<b>4,646</b>	<b>6,820</b>	<b>11,466</b>

**Statement of Changes in Equity  
For the Year Ended 31 December 2016**

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	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 3 January 2016	4,646	15,596	20,242
<b>Comprehensive income for the year</b>			
Profit for the year	-	9,183	9,183
<b>Total comprehensive income for the period</b>	-	9,183	9,183
Dividends: Equity capital	-	(15,000)	(15,000)
<b>At 31 December 2016</b>	<b>4,646</b>	<b>9,779</b>	<b>14,425</b>

The notes on pages 11 to 30 form part of these financial statements.

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## STANLEY BLACK & DECKER UK LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2017

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#### 1. Accounting policies

##### 1.1 Basis of preparation of financial statements

The company is a limited liability company incorporated in the United Kingdom. The registered office is 210 Bath Road, Slough, Berkshire SL1 3YD, United Kingdom. The financial statements are prepared in Pound Sterling which is the presentational currency of the company and rounded to the nearest thousand.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

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

In accordance with s401 of the Companies Act 2006, the company is exempt from the requirement to prepare and deliver group accounts. Financial information is presented about the company as an individual and not about its group. Details of the ultimate parent undertaking which draws up group accounts are disclosed in note 25.

##### 1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 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 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- 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 30 December 2017 and these financial statements may be obtained from Stanley Black & Decker Inc., 1000 Stanley Drive, New Britain, CT 06053, United States.

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## STANLEY BLACK & DECKER UK LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2017

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#### 1. Accounting policies (continued)

##### 1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### 1.4 Interest Income

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

##### 1.5 Investment income

Dividends from investments in group companies are credited to the Income Statement when declared.

##### 1.6 Foreign currency translation

##### **Functional and presentation currency**

The company's functional and presentational currency is Pound 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 Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

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## STANLEY BLACK & DECKER UK LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2017

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#### 1. Accounting policies (continued)

##### 1.7 Goodwill

The purchased goodwill acquired in relation to the sales and distribution trade is capitalised and amortised on a straight line basis over its estimated useful economic life of 10 years.

##### 1.8 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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. It commences when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management and is calculated using the straight-line method.

Depreciation is provided on the following basis:

Long leasehold land & buildings	- 3 - 9 years
Machinery & equipment	- 2 - 22 years
Motor vehicles	- 3 years
Fixtures & fittings	- 10 - 13 years
Computer equipment	- 1 - 5 years

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 Income Statement.



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## STANLEY BLACK & DECKER UK LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2017

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#### 1. Accounting policies (continued)

##### 1.9 Leases

###### Operating leases: lessee

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

###### Hire purchase agreements: lessor

Stock sold under hire purchase agreements is deemed to be sold at normal end user selling prices, the value of which is included in turnover at the inception of the agreement. Finance income received from hire purchase rentals is recognised over the contractual period of the agreement at a constant periodic rate of charge on the remaining balance of the obligation and is based on the consideration expected to be received.

##### 1.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 1.11 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.

At each reporting 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.

##### 1.12 Debtors

Amounts owed by group companies due within one year are measured at the undiscounted amount of the cash or other consideration expected to be received. All other debtors are measured at transaction price, less any impairment.

##### 1.13 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.

##### 1.14 Creditors

Amounts owed to group companies due within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid. All other creditors are measured at transaction price.

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## STANLEY BLACK & DECKER UK LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2017

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#### 1. Accounting policies (continued)

##### 1.15 Rebates

Rebates are recognised once the company has a reasonable expectation that a liability exists. Once recognised, rebates are recorded as a reduction to turnover. Rebates that have not been settled by the year end are either recorded as credit note provision netting against trade debtors for those rebates that will be settled by way of credit note or an accrual for those rebates that will be settled by way of a cash refund. Customer rebates are calculated based on volumes purchased by individual customers and they are non-complex in nature.

##### 1.16 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 payments obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

###### Group defined benefit pension plan

Certain employees of the company participate in The Stanley Black & Decker UK Pension Plan – Stanley Section, which is a group defined benefit plan that shares risks between entities under common control and which requires contributions to be made to separately administered funds. As there is no agreed policy for charging the net defined benefit cost of the defined benefit plan to individual entities, the defined benefit cost is recognised in the individual financial statements of the group entity which is legally responsible for the plan, which is The Stanley Works Limited.

The company therefore only recognises a cost equal to its contribution payable for the period. These contributions are affected by the surplus/deficit in the plan. The latest available information relating to the plan and the implications to the company is detailed in note 22 in the financial statements.

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## STANLEY BLACK & DECKER UK LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2017

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#### 1. Accounting policies (continued)

##### 1.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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 year end.

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## STANLEY BLACK & DECKER UK LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2017

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#### 2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### *Taxation*

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effects of future tax planning strategies.

##### *Goodwill*

The company establishes a reliable estimate of the useful life of goodwill arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business and any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

##### *Provisions*

The amount recognised as provisions are the best estimate of the consideration required to settle the present obligations at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligations are recognised at present value using a pre-tax discount rate.

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**STANLEY BLACK & DECKER UK LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**3. Turnover**

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of discounts and value added tax.

The company's principal area of activity is the marketing, sale and distribution of hand tools, power tools and related accessories through third party distribution.

	2017 £000	2016 £000
United Kingdom	287,860	240,343
Rest of Europe	146	17,595
Rest of the world	64	-
	<u>288,070</u>	<u>257,938</u>

**4. Operating profit**

The operating profit is stated after charging:

	2017 £000	2016 £000
Operating lease charges	1,899	1,613
Foreign exchange losses/(gains)	76	111
Depreciation of tangible fixed assets	1,163	1,043
Stock recognised as an expense	238,633	209,701
Amortisation of intangible assets, including goodwill	1,545	888
Loss on disposal of tangible fixed assets	73	19
Auditors' remuneration	126	56
Defined contribution pension cost	622	539
	<u>        </u>	<u>        </u>

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**STANLEY BLACK & DECKER UK LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**5. Auditor's remuneration**

	<b>2017 £000</b>	<b>2016 £000</b>
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>47</u>	<u>44</u>
<b>Fees payable to the company's auditor and its associates in respect of:</b>		
Other services relating to taxation	<u>79</u>	<u>12</u>
	<u><b>79</b></u>	<u><b>12</b></u>

**6. Employees**

Staff costs were as follows:

	<b>2017 £000</b>	<b>2016 £000</b>
Wages and salaries	<b>14,448</b>	11,572
Social security costs	<b>1,515</b>	1,055
Cost of defined contribution scheme	<b>622</b>	539
	<u><b>16,585</b></u>	<u><b>13,166</b></u>

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

	<b>2017 No.</b>	<b>2016 No.</b>
	<u><b>371</b></u>	<u><b>361</b></u>

The average monthly employees in the company during the year consists of 330 sales and marketing employees (2016: 306) and 41 service and administration employees (2016: 55).

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STANLEY BLACK & DECKER UK LIMITED

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Notes to the Financial Statements  
For the Year Ended 31 December 2017

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**7. Directors' remuneration**

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

Although they carried out qualifying services for each company, the Directors do not believe that it is practical to apportion their remuneration between companies. The aggregate Directors' emoluments in respect of qualifying services for the year were £497,000 (2016: £469,000).

During the year retirement benefits were accruing to 2 Directors (2016: 3) in respect of defined contribution pension schemes. The highest paid Director received remuneration of £343,000 (2016: £171,000). The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £20,000 (2016: £12,000).

**8. Interest receivable and similar income**

	2017 £000	2016 £000
Interest receivable from group companies	13	80
	<u>13</u>	<u>80</u>

**9. Interest payable and similar charges**

	2017 £000	2016 £000
Interest payable to group companies	28	149
	<u>28</u>	<u>149</u>

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STANLEY BLACK & DECKER UK LIMITED

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Notes to the Financial Statements  
For the Year Ended 31 December 2017

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10. Taxation

	2017 £000	2016 £000
Current tax on profits for the year	95	-
	<u>95</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	180	(930)
Total deferred tax	<u>180</u>	<u>(930)</u>
Taxation on profit/(loss) on ordinary activities	<u>275</u>	<u>(930)</u>



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STANLEY BLACK & DECKER UK LIMITED

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Notes to the Financial Statements  
For the Year Ended 31 December 2017

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10. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	7,316	8,253
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	1,408	1,651
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	297	178
Expenses not deductible for tax purposes	1,221	34
Prior year adjustment	(280)	-
Group relief claimed for nil consideration	(2,310)	(1,772)
Rate change	(61)	164
Brought forward deferred tax asset now recognised	-	(1,185)
<b>Total tax charge for the year</b>	<b>275</b>	<b>(930)</b>

**Factors that may affect future tax charges**

The Finance Act 2016 obtained Royal Assent on 15 September 2016 and stated that the corporation tax rate will be reduced to 17% with effect from 1 April 2020.

**Deferred tax**

The company has recognised a deferred tax asset of £750,000 (2016: £930,000) which has been calculated at 17% being the corporation tax rate that was substantively enacted at the year end date.

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**STANLEY BLACK & DECKER UK LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**11. Dividends**

	<b>2017 £000</b>	<b>2016 £000</b>
Dividends paid £2.15 per share (2016: £3.23 per share)	<b>10,000</b>	15,000
	<u><b>10,000</b></u>	<u>15,000</u>

**12. Intangible assets**

	<b>Goodwill £000</b>
<b>Cost</b>	
At 1 January 2017	8,883
Additions	7,874
At 31 December 2017	<u><b>16,757</b></u>
<b>Amortisation</b>	
At 1 January 2017	6,069
Charge for the year	1,545
At 31 December 2017	<u><b>7,614</b></u>
<b>Net book value</b>	
At 31 December 2017	<u><b>9,143</b></u>
At 31 December 2016	<u><b>2,814</b></u>

Goodwill brought forward relates to the acquisition of the sales and distribution business from Black & Decker, a fellow group company, on 12 March 2010 and is being amortised evenly over the Directors' estimate of its useful economic life of 10 years.

Goodwill acquired in the year relates to the acquisition of the stock and assets of three entities: Newell Rubbermaid UK Limited, Newell Rubbermaid UK Services Limited, and Fine Writing Pens of London Limited on 9 March 2017.

On acquisition the company paid cash of £7,726,000 and purchased tangible fixed assets of £11,000, prepayments of £63,000 and creditors due in less than one year of £222,000 leading to goodwill on acquisition of £7,874,000. This is being amortised over the Directors' estimated of its useful life of 10 years.

**STANLEY BLACK & DECKER UK LIMITED**

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**13. Tangible fixed assets**

	Freehold land £000	Long leasehold buildings £000	Plant, equipment & computer equipment £000	Motor vehicles £000	Fixtures & fittings £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>							
At 1 January 2017	3,004	3,806	1,321	995	99	1,706	10,931
Additions	16,029	54	2,415	-	-	976	19,474
Transfers intra group	-	-	-	-	-	(11)	(11)
Disposals	-	(37)	(99)	(696)	(32)	(21)	(885)
Transfers between classes	-	-	1,559	-	-	(1,559)	-
At 31 December 2017	19,033	3,823	5,196	299	67	1,091	29,509
<b>Depreciation</b>							
At 1 January 2017	-	752	606	705	33	-	2,096
Charge for the year on owned assets	63	712	361	16	11	-	1,163
Disposals	-	(19)	(78)	(479)	(12)	-	(588)
At 31 December 2017	63	1,445	889	242	32	-	2,671
<b>Net book value</b>							
At 31 December 2017	18,970	2,378	4,307	57	35	1,091	26,838
At 31 December 2016	3,004	3,054	715	290	66	1,706	8,835

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**STANLEY BLACK & DECKER UK LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**14. Fixed asset investments**

	Shares in group undertakings £000
<b>Cost or valuation</b>	
At 1 January 2017	2,626
At 31 December 2017	<u>2,626</u>
<b>Net book value</b>	
At 31 December 2017	<u>2,626</u>
At 31 December 2016	<u>2,626</u>

On 26 March 2015 the company acquired Stanley Black & Decker UK Holdings Limited for consideration of £2,625,971 satisfied by the issue of 2,625,971 ordinary shares of £1 each. The directors undertake a review of the investments held each year. The value in use of the investments in subsidiaries has been based on a net assets basis for holding companies post dividends and a discounted cash flow basis for trading entities. The discount rate applied to cash flow projections is 9.6% and cash flows beyond the five year plan are extrapolated using a 0% growth rate.

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Stanley Healthcare Solutions Limited	Ordinary	100 %	Dormant
Stanley Black & Decker UK Holdings Limited	Ordinary	100 %	Dormant
Stanley Black & Decker Deutschland GmbH*	Common	100 %	Distribution of tools
<b>Name</b>	<b>Registered office</b>		
Stanley Healthcare Solutions Limited	3 Europa Court, Sheffield Business Park, Sheffield S9 1XE		
Stanley Black & Decker UK Holdings Limited	210 Bath Road, Slough, Berkshire SL1 3YD		
Stanley Black & Decker Deutschland GmbH*	Strasse 40, D65510, Idstein, Germany		

\* Indicates indirect holding in subsidiary.

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**STANLEY BLACK & DECKER UK LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**15. Stocks**

	<b>2017</b>	2016
	<b>£000</b>	£000
Finished goods and goods for resale	<b>136</b>	82
	<u><b>136</b></u>	<u>82</u>

The difference between the purchase price of stocks and their replacement cost is not material.

**16. Debtors**

	<b>2017</b>	2016
	<b>£000</b>	£000
<b>Due after more than one year</b>		
Hire purchase contracts	<b>1,324</b>	3,019
	<u><b>1,324</b></u>	<u>3,019</u>

Hire purchase contracts which are all due between 1 and 5 years.

	<b>2017</b>	2016
	<b>£000</b>	£000
<b>Due within one year</b>		
Trade debtors	<b>34,208</b>	30,492
Amounts owed by group undertakings	<b>73,508</b>	109,933
Other debtors	<b>514</b>	525
Hire purchase contracts	<b>1,894</b>	3,578
Deferred taxation	<b>750</b>	930
	<u><b>110,874</b></u>	<u>145,458</u>

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**STANLEY BLACK & DECKER UK LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**17. Cash and cash equivalents**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	5,002	5,433
	<u>5,002</u>	<u>5,433</u>

**18. Creditors: Amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	1,347	1,898
Amounts owed to group undertakings	134,111	143,914
Corporation tax	95	-
Other taxation and social security	1,716	1,658
Accruals and deferred income	7,208	6,372
	<u>144,477</u>	<u>153,842</u>

**19. Deferred taxation**

	<b>2017</b>
	<b>£000</b>
At beginning of year	930
Charged to profit or loss	(180)
	<u>750</u>

The deferred tax asset is made up as follows:

	<b>2017</b>
	<b>£000</b>
Deferred capital allowances	641
Other timing differences	109
	<u>750</u>

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STANLEY BLACK & DECKER UK LIMITED

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Notes to the Financial Statements  
For the Year Ended 31 December 2017

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20. Share capital

	2017 £000	2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
4,645,972 Ordinary shares of £1 each	4,646	4,646

21. Reserves

Profit & loss account

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

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## STANLEY BLACK & DECKER UK LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2017

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#### 22. Pension commitments

##### *Defined contribution pension scheme*

The company operates a defined contribution plan for its employees.

Pension costs for the company's defined contribution scheme are recognised within operating profit at an amount equal to the contributions payable to the scheme for the year. Any prepaid or outstanding contributions for the group at year end are recognised respectively as assets or liabilities within prepayments or accruals. The defined contribution pension charge for the year amounts to £622,000 (2016: £539,000) of which £272,000 (2016: £1,000) is included in accruals at year end.

##### *Defined benefit pension schemes*

The company participates in The Stanley Black & Decker UK Pension Plan.

The employees transferred from Stanley UK Sales Limited into Stanley Black & Decker UK Limited from 1 April 2012 and are either included within The Stanley Black & Decker UK Pension Plan or the company's defined contribution pension scheme.

It is not possible to identify the company's share of assets and liabilities in the scheme on a consistent and reasonable basis. Therefore, in accordance with Section 28.38 of FRS 102 paragraph (group plans) the scheme is accounted for as if it were a defined contribution scheme. The defined benefit pension charge for the year amounts to £Nil (2016: £Nil) of which £Nil (2016: £Nil) is included in accruals at year end.

The valuation of The Stanley Black & Decker UK group defined benefit scheme shows a deficit of £18,600,000 (2016: deficit of £21,600,000). Full disclosure in relation to the pension scheme can be found in the accounts of the most significant participant - The Stanley Works Limited.

For the purposes of these financial statements, these figures are illustrative only and do not impact the results or Statement of Financial Position of the company. It should also be noted that these figures include a substantial proportion of pension assets and liabilities relating to other group companies which also participate in the scheme. It has not been possible to identify the share of the surplus/deficit which relates solely to Stanley Black & Decker UK Limited.

The measurement basis required by Section 28 of FRS 102 is likely to give rise to significant fluctuations in the reported amounts of the defined benefit scheme's assets and liabilities from year to year, and do not necessarily give rise to a change in the contributions payable into the scheme which are recommended by the independent actuaries based on the expected long term rate of return on the scheme assets.



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**STANLEY BLACK & DECKER UK LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

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**23. Commitments under operating leases**

At 31 December 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Not later than 1 year	<b>200</b>	235
Later than 1 year and not later than 5 years	<b>856</b>	1,000
Later than 5 years	-	35
	<b>1,056</b>	<b>1,270</b>

In addition there are costs relating to certain operating lease expenses that are recharged from fellow group companies. The legal title of the majority of these leases are held by Black & Decker and The Stanley Works Limited and the associated commitments for these leases have been disclosed in the notes to the financial statements of these group companies.

**24. Related party transactions**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Owed to other group companies	<b>(134,111)</b>	<b>(143,914)</b>
Owed by parent	-	32
Owed by subsidiaries	-	7
Owed by other group companies	<b>73,508</b>	<b>109,894</b>

**25. Controlling party**

Up to April 2016 the company was a wholly-owned subsidiary of Black & Decker Limited Sarl, a company incorporated in Luxembourg. From 1 April 2016 the company is a wholly owned subsidiary of Stanley Black & Decker Holdings Sarl, a company incorporated in Luxembourg. 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.