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Registered number: FC010558

BLACK & DECKER INVESTMENT COMPANY, LLC

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

BLACK & DECKER INVESTMENT COMPANY, LLC

COMPANY INFORMATION

Directors	A Sood M Smiley S Costello
Secretary	Mitre Secretaries Limited
Registered number	FC010558
Registered office	2711 Centerville Road Suite 400 Wilmington Newcastle United States
Main place of business	3 Europa Court Sheffield Business Park Sheffield S9 1XE United Kingdom

BLACK & DECKER INVESTMENT COMPANY, LLC

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Business review

The was no change to the company's activities during the year and the results for the year ended 31 December 2019 are in line with the directors' expectations with an increase in interest income in line with an increase in interest rates.

Principal risks and uncertainties

The company's principal financial instruments comprise of intercompany loans to fellow group undertakings, the main purpose of which is to provide finance for their normal operations. The company finances its operations by equity funding from its immediate parent. The main risks arising from the company's financial instruments are detailed below:

Credit risk
The directors consider that the credit risk exposure is limited as the loans are with fellow group companies.

Liquidity and refinancing risk
The company's objective is to maintain continuity of funding at a reasonable cost. To do this it seeks to arrange committed funding where necessary from its immediate parent company or other group undertakings.

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 a 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.

Financial key performance indicators

The company's key financial performance indicator is interest receivable on a loan issued to an affiliate of $1,069,000 (2018: $842,000).

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

S Costello
Director

Date: 14 May 2021

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 of the company was the provision of finance to other group companies.

The company is incorporated in the United States of America. The corporation was converted to a Delaware Limited Liability Company on 1 December 2006 and is registered in the United Kingdom as an overseas company under section 1044 of the Companies Act 2006.

Results and dividends

The profit for the year, after taxation, amounted to $1,068,000 (2018: $841,000).

No dividends were declared or paid during the year (2018: £NIL).

Directors

The directors who served during the year were:

A Sood
M Smiley
S Costello
C Torello (resigned 7 October 2019)

Future developments

The directors aim to maintain current management policies to remain profitable.

Financial instruments

Details of financial instruments are provided in the Strategic Report.

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 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 committed to provide continued support for at least a year from the date of the signing of these financial statements.

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

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

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

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

Post balance sheet events

In the light of 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 confirmed 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 of underlying investments is difficult to estimate and have obtained a letter of support from the ultimate parent.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under those regulations the directors have elected to prepare overseas company individual financial statements in accordance with the applicable accounting policies of the company. The financial statements are prepared to 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 year in all material respects, in accordance with applicable accounting policies described in note 1. In preparing these financial statements, the directors are required to:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and accounting estimates that are reasonable and prudent; and
- present information, including accounting policies, in a manner that provides relevant, reliable, comparableand understandable information.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with section 396 of 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.

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

S Costello
Director

Date: 14 May 2021

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 $000	2018 $000
Administrative expenses		**(1)**	(1)
Interest receivable and similar income	7	**1,069**	842
Profit on ordinary activities before taxation		**1,068**	841
Taxation on profit on ordinary activities	8	**-**	-
Profit for the year		**1,068**	841

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 $000	2018 $000
Profit for the financial year		**1,068**	841
Total comprehensive income for the year		**1,068**	841

The notes on pages 8 to 14 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note		**2019 $000**		2018 $000
Current assets					
Debtors due within 1 year		**52,626**		51,557	
Cash at bank and in hand	10	**-**		1	
		52,626		51,558	
Total assets less current liabilities			**52,626**		51,558
Net assets			**52,626**		51,558
Capital and reserves					
Called up share capital	11		**128**		128
Share premium account	12		**24,000**		24,000
Foreign exchange reserve	12		**(11)**		(11)
Profit and loss account	12		**28,509**		27,441
			52,626		51,558

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 May 2021.

S Costello
Director

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

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	$000	$000	$000	$000	$000
At 1 January 2019	128	24,000	(11)	27,441	51,558
Comprehensive income for the year					
Profit for the year	-	-	-	1,068	1,068
At 31 December 2019	128	24,000	(11)	28,509	52,626

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

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	$000	$000	$000	$000	$000
At 1 January 2018	128	24,000	(11)	26,600	50,717
Comprehensive income for the year					
Profit for the year	-	-	-	841	841
At 31 December 2018	128	24,000	(11)	27,441	51,558

1. General information

Black & Decker Investment Company, LLC is a limited liability company incorporated in the United States and registered in the United Kingdom as an overseas company under section 1044 of the Companies Act 2006. The company's registered office is 2711 Centerville Road, Suite 400, Wilmington, Newcastle, United States. The UK registered office is 3 Europa Court, Sheffield Business Park, Sheffield, S9 1XE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared in US Dollar which is the presentational and functional 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 section 396 ("overseas companies individual accounts") of the Companies Act 2006 as applied by the Overseas Companies Regulations 2009 and with the applicable accounting policies of the company which are aligned with Financial Reporting Standard 102.

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).

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 committed to provide continued support for at least a year from the date of the signing of these financial statements.

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

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

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

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

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

2.3 Debtors

Debtors due within one year are measured at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

2.4 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.

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is US Dollars.

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.

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

2.6 Interest income

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

2.7 Taxation

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

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

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

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

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

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 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 asset that can be recognised. Such calculations are sensitive to the likely timing and the level of future taxable profits.

4. Operating loss

Operating profit is stated after crediting a foreign exchange translation gain of $18 (2018: $NIL).

5. Employees

The company does not employ any staff, the business and administration of the company is carried out by staff of another group undertaking.

6. Directors' remuneration

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

Although the UK directors carried out qualifying services for each company, they do not believe that it is practical to apportion their remuneration between companies.

The aggregate Uk directors emoluments in respect of qualifying services for the year were $945,000 (2018: $794,000). The qualifying services of non UK directors were negligible.

The highest paid director received remuneration of $524;000 (2018: $463,000).

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 (2018: $45,000).

7. Interest receivable

	2019 $000	2018 $000
Interest receivable from group companies	**1,069**	842
	1,069	842

8. Taxation

There is no tax charge for the year (2018: $NIL).

Factors affecting tax charge for the year

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

	2019 $000	2018 $000
Profit on ordinary activities before tax	**1,068**	841
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	**203**	160
Effects of:		
Group relief for no consideration	**(202)**	(160)
Transfer pricing adjustments	**(1)**	-
Total tax charge for the year	**-**	-

Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 17% which represents the corporation tax rate that was enacted at the balance sheet date.

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

Deferred tax

The company has an unrecognised deferred tax asset of approximately $533,000 (2018: $677,000) relating to connected party capital losses. This has been calculated at the 17% corporation tax rate that was substantively enacted at the balance sheet date (2018: 17%). A deferred tax asset has not been recognised in respect of these losses as its recoverability is dependent on future capital gains of arising in the group.

9. Debtors

	2019 $000	2018 $000
Amounts owed by ultimate parent undertaking	**52,626**	51,557
	52,626	51,557

10. Cash and cash equivalents

	2019 $000	2018 $000
Cash at bank and in hand	**-**	1
	-	1

11. Share capital

	2019 $000	2018 $000
Allotted, called up and fully paid		
12,801 (2018: 12,801) Common membership shares of $10.00 each	**128**	128

In determining the voting powers, designations, preferences, rights and qualifications, limitations and restriction of each class of shares, the Delaware General Corporation Law ("DGCL") and the common law interpreting the DGCL shall apply as if such Common Shares were shares of common stock of a Delaware corporation.

12. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Foreign exchange reserve

In 2005 the company changed its functional and reporting currency from Pounds Sterling (£) to US Dollars ($). As a result of the change in currency, a foreign exchange reserve was generated and any foreign exchange gains or losses arising from the change in functional currency were transferred into the foreign exchange reserve.

Profit & loss account

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

13. Post balance sheet events

In the light of 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 confirmed 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 of underlying investments is difficult to estimate and have obtained a letter of support from the ultimate parent.

14. Ultimate parent and controlling party

The company is a wholly owned subsidiary of Black & Decker Holdings LLC, a company incorporated in the United States and registered in the United Kingdom as an overseas company under section 1044 of the Companies Act 2006. The ultimate parent company is Stanley Black & Decker, Inc. a company incorporated in the United States.

The largest and smallest group in which the results of the company are consolidated is that of Stanley Black & Decker, Inc. Consolidated accounts are available from Stanley Black & Decker, Inc. at the address below:

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