

Registered number: 01740007

ELU POWER TOOLS LTD

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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ELU POWER TOOLS LTD

COMPANY INFORMATION

Directors	A Sood M Smiley S Costello
Secretary	Mitre Secretaries Limited
Registered number	01740007
Registered office	3 Europa Court Sheffield Business Park Sheffield S9 1XE
Auditor	Ernst & Young LLP Bridgewater Place Water Lane Leeds LS11 5QR

ELU POWER TOOLS LTD

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ELU POWER TOOLS LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Business review

The company's profit before tax for the year of £247,000 (2019: £1,172,748,000) resulted from the receipt of interest on intercompany balances.

Principal risks and uncertainties

The principal risks and uncertainties facing the company arise from the holding of financial instruments, which can be subject to credit, liquidity, and interest rate risk. These are described in further detail below. 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 also outlined below.

The company holds financial instruments with other group undertakings in order to earn interest to finance the company. The company loans and borrows principally in pound sterling at floating rates.

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 produce 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.

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 borrowing and loan portfolios within an acceptable timescale so as to minimise the impact of significant changes in market interest rates.

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.

Financial key performance indicators

The company's key financial performance indicator is interest receivable on loans issued to affiliate companies of £247,000 (2019: £519,000).

ELU POWER TOOLS LTD

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 31 December 2020.

A director of a company must act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole whilst considering all stakeholders of the company.

As this company is a treasury company having no employees, suppliers or customers, the directors believe the company's main stakeholders are its sole shareholder and its ultimate parent (Stanley Black & Decker Inc). In turn the company has no trading operations impacting the community and the environment which the directors would need to consider in their directorship duties of this company.

Consequently, the directors are satisfied that all actions taken in the year have been done so to promote the success of the company for the benefit of its members as a whole.

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



S Costello
Director

Date: 8 October 2021

ELU POWER TOOLS LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

The principal activities of the company during the year were to finance activities with fellow group undertakings.

Results and dividends

The profit for the year, after taxation, amounted to £232,000 (2019: £1,172,598,000).

The company paid dividends during the year totaling £Nil (2019: £1,204,178,000).

Directors

The directors who served during the year were:

A Sood
M Smiley
S Costello

Future developments

The directors aim is for the company to continue to be profit making in the future.

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 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 it will provide continued support for at least a year from the date of signing these financial statements. The period of the management's going concern assessment is from the date of signing the financial statements to 31 December 2022.

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. Going into 2021, the Group continued to see growth across the same four performance measures for the first half of the year.

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 year end and has significant flexibility to continue navigating this volatile period with the Group expecting 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.

ELU POWER TOOLS LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disclosure of information to auditor

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

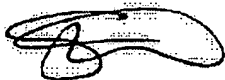
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor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

Post balance sheet events

The EU-UK Trade and Cooperation Agreement, governing the trading arrangements between UK and EU, was signed on 30 December 2020. It applied provisionally from 1 January 2021 when the Brexit transition period ended before coming into force on 1 May 2021.

The directors consider that the new trading arrangements will have no significant negative effect on the company or its subsidiaries and no amendment to the figures in the accounts is therefore required.

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



S Costello
Director

Date: 8 October 2021

ELU POWER TOOLS LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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 ELU POWER TOOLS LTD

Opinion

We have audited the financial statements of ELU Power Tools Ltd for the year ended 31 December 2020 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity and the related notes 1 to 14, 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 company's affairs as at 31 December 2020 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period through to 31 December 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELU POWER TOOLS LTD (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 contained within the annual report.

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.

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 course of 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 themselves. 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 5 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 ELU POWER TOOLS LTD (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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

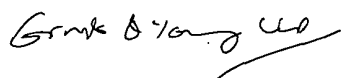
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102, and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the Company must comply with laws and regulations relating to its operations, including health and safety, anti-bribery and corruption regulations, environmental and General Data Protection Regulation ("GDPR").
- We understood how ELU Power Tools Ltd is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our understanding through review of Board Minutes, and we understood controls put in place by management to reduce the opportunities for fraudulent transactions as well as the culture of honesty and ethical behaviour.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by communications with management and knowledge of the business from previous audits. We reviewed all the material manual statutory adjustments required and considered the nature of these transactions. For those that we did not consider to be in the normal course of business and are not of a trivial value we obtained evidence to support the validity of such adjustments, including third-party documentation where available.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved review of all manual journals and detailed testing over the investment impairment. The results of our procedures did not identify any instances of non-compliance.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELU POWER TOOLS LTD
(CONTINUED)**

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
8 October 2021

ELU POWER TOOLS LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Profit on sale of investment		-	1,134,475
Income from fixed asset investments	6	-	37,627
Interest receivable and similar income	7	247	519
Profit before tax		247	1,172,621
Tax on profit	8	(15)	(23)
Profit for the financial year		232	1,172,598
Total comprehensive income for the year		232	1,172,598

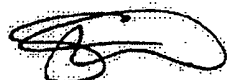
The notes on pages 13 to 19 form part of these financial statements.

ELU POWER TOOLS LTD
REGISTERED NUMBER: 01740007

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Current assets			
Debtors: amounts falling due within one year	9	60,504	60,272
		<u>60,504</u>	<u>60,272</u>
Total assets less current liabilities		60,504	60,272
Net assets		60,504	60,272
Capital and reserves			
Called up share capital	12	45,152	45,152
Other reserves	11	965	965
Profit and loss account	11	14,387	14,155
		<u>60,504</u>	<u>60,272</u>

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



S Costello
Director

Date: 8 October 2021

ELU POWER TOOLS LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2020	45,152	965	14,155	60,272
Comprehensive income for the year				
Profit for the year	-	-	232	232
At 31 December 2020	45,152	965	14,387	60,504

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

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2019	90,303	965	584	91,852
Comprehensive income for the year				
Profit for the year	-	-	1,172,598	1,172,598
Dividends: Equity capital	-	-	(1,204,178)	(1,204,178)
Share redenomination	(45,151)	-	45,151	-
At 31 December 2019	45,152	965	14,155	60,272

ELU POWER TOOLS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

The company is a private company limited by shares incorporated and domiciled in the England and Wales. The registered office is 3 Europa Court, Sheffield Business Park, Sheffield, S9 1XE, United Kingdom.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared in Pound Sterling which is the functional and presentational currency of the company and rounded to the nearest thousand.

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 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 judgment in applying the company's accounting policies. There were considered to be no key sources of judgement and estimation uncertainty in preparing these financial statements.

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 14.

In line with 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 it will provide continued support for at least a year from the date of signing 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 year end and has significant flexibility to continue navigating this volatile period with the Group expecting 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.

ELU POWER TOOLS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 and Decker, Inc. as at 2 January 2021 and these financial statements may be obtained from Stanley Black & Decker, Inc., 1000 Stanley Drive, New Britain, CT 06053, United States.

2.3 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.4 Investment income

Equity dividends are recognised when they become legally receivable. Interim dividends are recognised when received. Final equity dividends are recognised when approved by the shareholders at the annual general meeting. Dividends on shares recognised as assets are recognised as income and classified as income from shares in group undertakings.

2.5 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

ELU POWER TOOLS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Management performs an annual review to determine if the indicators of impairment exist. The impairment is calculated internally using a valuation technique based on the net assets model as there is a lack of comparable market data because of the nature of the investment.

2.8 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.

3. Auditor's remuneration

Auditor's remuneration for audit services of £4,000 (2019: £4,000) and non-audit services of £10,000 (2019: £80,000) is borne by a fellow group undertaking.

ELU POWER TOOLS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. Employees

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

5. 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.

Aggregate emoluments in respect of qualifying services for the year were £655,000 (2019: £739,000).

During the year retirement benefits were accruing to 3 directors (2019: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £354,000 (2019: £411,000).

The value of the company's contributions paid to a defined contribution scheme in respect of the highest paid director amounted to £6,000 (2019: £16,000).

6. Income from fixed asset investments

	2020 £000	2019 £000
Income from shares in group subsidiaries	-	37,627
	<u>-</u>	<u>37,627</u>

7. Interest receivable and similar income

	2020 £000	2019 £000
Interest receivable from group companies	247	519
	<u>247</u>	<u>519</u>

ELU POWER TOOLS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Taxation

	2020	2019
	£000	£000
Deferred tax movement	<u>15</u>	<u>23</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£000	£000
Profit on ordinary activities before tax	<u>247</u>	<u>1,172,621</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	<u>47</u>	<u>222,798</u>
Effects of:		
Non-taxable income	(1)	(222,700)
Group relief	(46)	(75)
Deferred tax movement	<u>15</u>	<u>-</u>
Total tax charge for the year	<u>15</u>	<u>23</u>

ELU POWER TOOLS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Taxation (continued)

Factors that may affect future tax charges

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 recognised a deferred tax asset of £Nil (2019: £15,000). The deferred tax has been calculated at the corporation tax rate for amounts expected to be utilised.

9. Debtors

	2020 £000	2019 £000
Amounts owed by other group undertakings	60,504	60,257
Deferred taxation	-	15
	<u>60,504</u>	<u>60,272</u>

10. Deferred taxation

	2020 £000
At beginning of year	15
Decrease in the year	(15)
At end of year	<u>0</u>

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Non-trade loan relationships	-	15
	<u>-</u>	<u>15</u>

ELU POWER TOOLS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

11. Reserves

Other reserves

Other reserves relate to a capital contribution from the company's immediate parent Black & Decker Luxembourg SARL.

Profit & loss account

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

12. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
90,302,530 (2019 : 90,302,530) Ordinary shares of £0.50 each	45,152	45,152

For all shares issued, subject to the articles, without prejudice to the rights attached to any existing shareholder, such rights or restrictions as may be determined by ordinary resolution. On 11 December 2019 the company completed a reduction of the nominal value of its share capital from £1.00 to £0.50 releasing £45,151,000 to distributable reserves.

13. Post balance sheet events

The EU-UK Trade and Cooperation Agreement, governing the trading arrangements between UK and EU, was signed on 30 December 2020. It applied provisionally from 1 January 2021 when the Brexit transition period ended before coming into force on 1 May 2021.

The directors consider that the new trading arrangements will have no significant negative effect on the company or its subsidiaries and no amendment to the figures in the accounts is therefore required.

14. Controlling party

The company is a wholly owned subsidiary of Black & Decker Luxembourg 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 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